Islam and the west
Is fundamentalism really a threat?
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FINANCIAL TIMES

Europe's Business Newspaper — THURSDAY JULY 15 1993 — D8523A

Procter & Gamble likely to cut jobs to hold low prices

US consumer products group Procter & Gamble is expected to announce a cost-cutting programme, probably including substantial job cuts, when it meets Wall Street analysts today. P&G needs to reduce costs to complement price cuts it has been making in the US liquid laundry detergents market in the face of competition from discounted brands. Page 13; Lex, Page 12

Japan's Socialists face losses: Japan's ruling Liberal Democratic party will not win a parliamentary majority in Sunday's general election, but the Socialist SDP party will be a bigger loser, according to opinion polls. Page 12; Japanese 'madonnas' sing rival tunes, Page 4; Japan cautious on surplus cut, Page 5

Thatcher's Maastricht referendum plea

Former UK prime minister Lady Thatcher (left) made a passionate plea in the House of Lords, the upper house, for a referendum in Britain on the Maastricht treaty. Her speech came after the idea of a referendum had been rejected in speeches from government and opposition party front benches. Page 6; Editorial Comment, Page 11

UK inflation rate eases: UK inflation dropped to its lowest rate for almost 30 years last month. Retail prices fell 0.1 per cent to bring the headline inflation rate down to 1.2 per cent from 1.3 per cent in May. Page 12; Lex, Page 12; Currencies, Page 28

US consumer spending rises: US consumer spending rose significantly in the second quarter while inflationary pressures moderated. This suggests the US economy is returning to last year's path of moderate growth and subdued inflation. Page 12

Brussels moves on trade: The European Commission has asked seven member states to modify bilateral treaties with the US in a move to restore the Brussels' authority as the EC's sole trade negotiator. Page 5

Israel sends troops to Lebanon: Israel sent 1,000 soldiers to its self-declared security zone in southern Lebanon, sparking speculation of an imminent attack against Arab guerrillas. Page 4

Dell Computer, US personal computer manufacturer, warned of a second-quarter loss after writedowns and restructuring charges. Page 13

Europe's car sales fall: New car sales in western Europe fell by 1.3m to 6.091m in the first half of the year as demand declined steeply in all main markets except the UK. Page 2

General Motors plans to hold back US price increases next year in an attempt to increase market share. Page 16

Tiphook profits wiped out: Shares in UK transport rental company Tiphook fell after a change in accounting policy wiped out its profits. The change, under which the company will report in dollars, reflects its rising number of US shareholders. Page 13; Lex, Page 12

US budget compromise: A proposed energy tax to raise money from both transport fuels and utilities may provide a way out of the impasse between the US Senate and Congress over budget bill levies. Page 3

Clinton seeks US floods aid: US president Bill Clinton will seek $2.48bn of aid for the six states in the Mississippi and Missouri basins devastated by floods. Page 3

Labour promises new watchdog: A UK Labour government would set up a British Securities and Exchange Commission with powers over retail banking, building societies, insurance, corporate governance, accountancy, pension funds and the Lloyd's insurance market. Page 6

UK Labour leader wins reforms: UK Labour party leader John Smith won the first round in his battle with trade unions over their links with the party after reaching a deal on sweeping reform proposals. Page 6

Seaside fury: The northern English resort of Blackpool reacted with outrage to a ruling by the European Court of Justice that its beaches do not meet environmental regulations. Page 6

STOCK MARKET INDICES

FT-SE 100:	2832.3	(-4.8)
Yield	4.04	
FT-SE Eurotrack 100	1237.14	(+1.23)
FT-A All-Share	1405.97	(-0.2%)
Nikkei	20,139.11	(-41.31)
New York lunchtime:		
Dow Jones Ind Ave	3544.78	(+29.34)
S&P Composite	450.96	(+2.87)

US LUNCHTIME RATES

Federal Funds:	2 15/16%
3-mo Treas Bills: Yld	3.055%
Long Bond	107 1/32
Yield	6.575%

LONDON MONEY

3-mo Interbank	6%	(same)
Liffe long gilt future:	Sep 108 5/32	(Sep 107 31/32)

NORTH SEA OIL (Argus)

Brent 15-day (Sep)	$16.875	(17.025)

Gold

New York Comex (Aug)	$391.4	(394.5)
London	$392.25	(393.75)

STERLING

New York lunchtime:		
$	1.5022	
London:		
$	1.5025	(1.4935)
DM	2.5775	(2.57)
FFr	8.805	(8.775)
SFr	2.27	(2.27)
Y	161.25	(161.75)
£ Index	81.7	(81.2)

DOLLAR

New York lunchtime:		
DM	1.7155	
FFr	5.88275	
SFr	1.5085	
Y	107.2	
London:		
DM	1.7155	(1.72)
FFr	5.86	(5.875)
SFr	1.5195	(1.52)
Y	107.35	(108.3)
$ Index	66.0	(66.1)

Tokyo close Y 108.45

Austria	Sch30	Germany	DM3.30	Malta	Lm0.60	S.Arabia	SR11		
Bahrain	Din1.250	Greece	Dr300	Morocco	MDh13	Singapore	S$4.10		
Belgium	BFr60	Hungary	Ft172	Neth	Fl 3.75	Slovak Rp	KSL45		
Bulgaria	Lw25.00	Iceland	IKr215	Nigeria	Naira45	Slovenia	SLT220		
Croatia	HRD5700	India	Rs40	Norway	NKr16.00	South Africa	R12.00		
Cyprus	C£1.00	Israel	Shk5.90	Oman	OR1.50	Spain	Pta210		
Czech Rp	Kcs45	Italy	L2700	Pakistan	Rs35	Sweden	SKr15		
Denmark	DKr15	Jordan	JD1.50	Philippines	Pso45	Switz	SFr3.20		
Egypt	E£4.50	Kuwait	Fils.600	Poland	Zl 22,000	Syria	S£30.00		
Finland	FM12	Lebanon	US$1.25	Portugal	Esc215	Tunisia	Din1.250		
France	FFr9.00	Lux	LFr60	Qatar	QR12.00	Turkey	L8000		
						UAE	Dh11.00		

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Bavaria to sell off DM2bn in German shareholdings

By Christopher Parkes in Frankfurt and Quentin Peel in Munich

THE Bavarian government hopes to raise between DM2bn ($1.1bn) and DM3bn through the privatisation of its shareholdings in several German companies, Mr Edmund Stoiber, the state premier, said yesterday.

Its biggest stake is a 58 per cent holding in Bayernwerk, the largest southern German energy utility, which would be merged with Viag, the Bonn-based industrial conglomerate.

Negotiations with Viag are under way, and Mr Stoiber said he expected the new company to move its headquarters to Munich as part of the deal: "I believe they are ready to move and create a big new undertaking with its headquarters in Munich."

Bavaria also plans an early sale of its 8 per cent stake in Deutsche Aerospace, the Daimler-Benz aerospace subsidiary, for an estimated DM400m.

The proposed disposals mark the first significant move among the German Länder to break supportive links forged during the postwar economic recovery with vital infrastructural and new, job-creating industries.

The federal government is committed to cashing in most of its remaining holdings, including a 51 per cent stake in Lufthansa, which is being restructured and restored to profit.

Recent interest in privatisation has been spurred primarily by the urgent need, stressed by the Bundesbank, for the reduction of federal and state deficits. Central bank officials have lately suggested that the budget consolidation process could be helped by asset sales.

Activity has been encouraged by statements from national leaders of the Social Democratic party (SPD) that there are no longer any ideological objections to the sale of public assets. Acceptance at Länder level, where the SPD controls most of the regional governments in western Germany, has yet to be tested.

There is a growing acceptance among public sector shareholders that the attractions of Germany to foreign shareholders could be enhanced if all traces of political involvement in private sector business were removed. Many of Germany's leading concerns have regional politicians on their supervisory boards by virtue of extensive state holdings.

The Lower Saxony government, for example, owns 20 per cent of Volkswagen, Europe's biggest volume carmaker. North Rhine Westphalia controls Westdeutsche Landesbank, which in turn has stakes in local and international businesses.

Bavaria's decision to sell the holding in Deutsche Aerospace is likely to enhance the attractions of the group's shares when they are listed on the New York stock exchange later this year.

Continued on Page 12
Editorial Comment, Page 11

UN tells Italy to recall commander of Somalia troops

By Michael Littlejohns in New York and Leslie Crawford in Nairobi

THE United Nations has demanded the recall to Rome of the commander of Italian troops in Somalia and may have to consider removing his entire contingent, a senior UN official said last night.

Mr Kofi Annan, who is in charge of all UN peacekeeping operations, told a press conference that General Bruno Loi would soon be "rotated" home, at the express request of Mr Boutros Boutros Ghali, the UN secretary-general.

Italian soldiers serving with the UN would probably be redeployed north of Mogadishu, away from the scene of recent bloody clashes.

Alluding to Gen Loi's reported defiance of orders by General Civek Bir, the Turkish commander of all UN troops in Somalia, Mr Annan said the option of removing a national contingent altogether might have to be considered when it placed an entire enterprise in jeopardy and other contingents at risk.

Mr Beniamino Andreatta, the Italian foreign minister, said he was "outraged" at the decision. He said he had previously agreed with Mr Boutros Ghali that Gen Loi should not return without full consultation with the Italian government.

Mr Annan warned other governments that had presumed to dictate to their troops over the heads of Gen Bir and former US Admiral Jonathan Howe, the secretary-general's special envoy, that this behaviour was unacceptable.

One contingent had refused to accept assignments for a month, placing an extra burden on other troops who were not so well equipped, he said without identifying the unit.

He denied reports that the UN refused to negotiate with General Mohamed Farah Aideed, the fugitive Somali warlord, or that the warlord, whose arrest and detention have been ordered, was singled out as a special villain. The UN was prepared to deal similarly with any other rebel faction, if necessary.

He said the governments that had committed troops to the UN command knew what they were getting into and that it was an enforcement operation, not a traditional peacekeeping mission.

Moreover, violence was mainly in southern Mogadishu, the Aideed stronghold, while much of the rest of Somalia was co-operating with the UN.

Somali militants yesterday distributed leaflets in the streets of south Mogadishu in which they vowed to kill all US troops serving with the UN mission and called on Moslems worldwide to kill Americans in their countries.

The fatwa, a Moslem death warrant, was a clear sign that Gen Aideed's militias are steeling themselves for a protracted struggle against the 14,000 UN troops stationed in the capital. It also appeared to be an attempt to drive a wedge between the 4,000 American soldiers and other national contingents fighting under the UN flag.

"We appeal to all countries of the multinational force to stay far from the American sites in Mogadishu", the leaflet said. "We are going to launch an attack to the American compounds in Mogadishu."

Mr Barry Walkley, UN spokesman in Mogadishu, said he had not seen the pamphlets, but placed little importance on them. Meanwhile, the death toll from Monday's helicopter assault on an Aideed compound continued to rise. The International Committee of the Red Cross said 50 people were killed.

The few aid agencies that remain in Mogadishu say security has become so precarious that relief work has virtually come to a halt.

Central banks intervene to limit downward slide

Franc and krone under new selling pressure

By Peter Norman and Stephanie Flanders in London

YESTERDAY'S Bastille Day holiday in France provided no respite for the European exchange rate mechanism with the embattled French and Danish currencies coming under renewed selling pressure.

Both the Dutch and Danish central banks were forced to intervene in support of the Danish krone as it reached its lower intervention point against the Dutch currency in the ERM, while the Bundesbank again bought French francs.

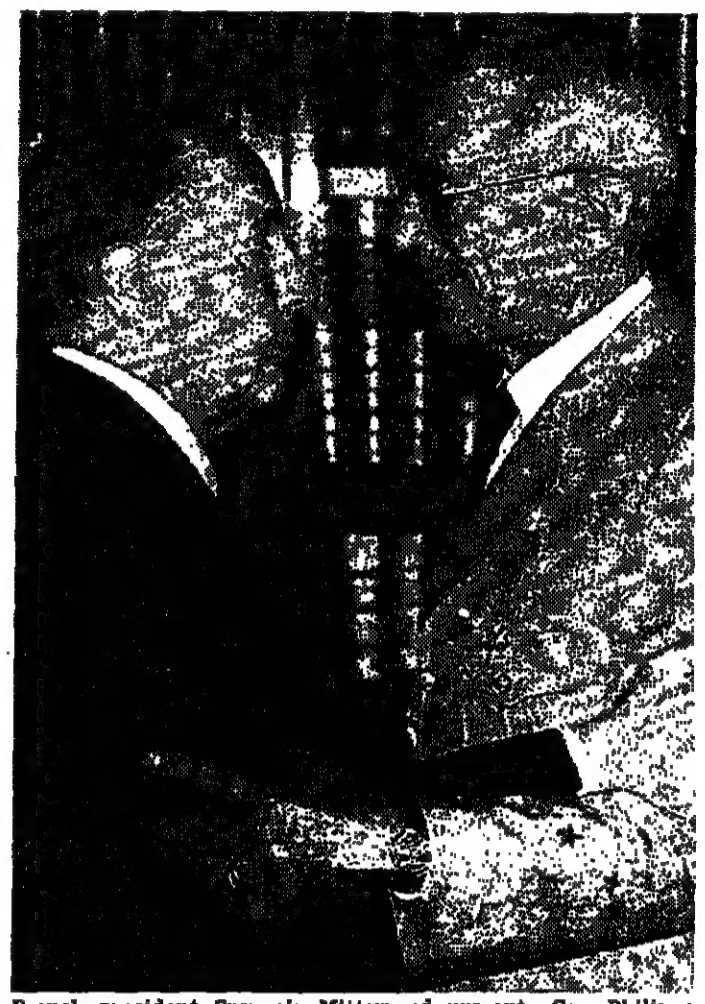
As French commercial banks in Paris continued to trade in spite of the public holiday, hopes that the Bundesbank would provide more substantial support through a cut in its official interest rates at today's council meeting were muted.

Hopes of further German monetary easing were damped after the Bundesbank said it would not be holding a press conference today. The terms at which it elected to lend funds to the German domestic money market yesterday also did little to encourage expectations of lower rates.

The volume of funds provided to the market as a result of the Bundesbank's latest repurchase tender was at the upper end of expectations. But the rate at which the money was provided – 7.28 per cent – was only marginally lower than 7.30 per cent charged previously.

The Bundesbank faces a dilemma. There is no reason to doubt that German, French and EC monetary officials have been sincere this week in declaring that they see no fundamental reason for speculative pressure against the franc. But if the Bundesbank relaxes its policy in response to external pressure, it could damage its long-term credibility as an inflation fighter.

The krone closed at DKr3.8951 to the D-Mark in London, while the franc closed in Europe at FFr3.417 to the D-Mark, down from the previous day's FFr3.414.



French president François Mitterrand presents Gen Philippe Morillon, former UN commander in Bosnia, with the Legion d'Honneur. Bastille Day speech, Page 2; Currencies, Page 28

Report on EBRD criticises Attali

By Robert Peston, Banking Editor, in London

MR JACQUES ATTALI, president of the European Bank for Reconstruction and Development, will be severely criticised in a report on financial mismanagement at the bank to be published on Friday.

Following a two month investigation, the bank's audit committee is putting the finishing touches to the report. Bank employees who have seen the initial draft say it focuses on four examples of financial mismanagement by Mr Attali:

- Mr Attali wasted thousands of pounds by taking more than 40 flights on private jets supplied by French company, Air Entreprise.
- On several occasions, he received fees for giving speeches, contrary to the bank's code of conduct.
- He charged personal expenses to the bank, including several trips to the London nightclub, Annabels. These have been reimbursed but in some cases there was an 18 month delay before the reimbursement was made.
- His close relationship with Mr Jean-Louis Berthet, the architect used in the £55.5m project to furnish the bank's headquarters, undermined the ability of the

Continued on Page 12

'Wise men' may pave the way for EC enlargement

By Lionel Barber in Strasbourg

EC foreign ministers may create a committee of "wise men" to look at the streamlining of institutions in an enlarged European Community.

The proposal, announced by the Belgian presidency yesterday, could serve as the platform for a new constitutional debate on the future of the EC. It would raise sensitive questions such as the balance of power between large and small states and a reorganisation of the European Commission and rotating EC presidency.

The idea of opening up a "post-Maastricht" debate has been circulating for several months. Proponents suggest a high-powered independent committee could be modelled on the "Dooge committee" which paved the way for the 1986 Single European Act creating an integrated market by 1992.

Mr Willy Claes, Belgium's foreign minister, made clear that the Belgian presidency was not endorsing the idea, which was put forward in the European Parliament yesterday by Mr Willy De Clerq, a Belgian MEP and former EC commissioner. But he agreed to submit it for discussion.

Under the Danish and British presidencies, ministers agreed that minimal change only was required to cope with the four new applicants, Austria, Finland, Sweden and Norway.

Last year, a European Commission paper suggesting that smaller states might lose out in a future reorganisation of the Commission created a furore. The mere hint that not every state might run its own EC presidency or send its own commssioner to Brussels may have helped to trigger the narrow Danish rejection of the Maastricht treaty.

Mr Claes declined to answer how broad a mandate might be given to the wise men. But some questions would have to be examined before a final decision on the admission of the four applicants, notably their allocation of MEPs and the number of votes in the Council of Ministers.

A UK official said the government was "relaxed" about an institutional discussion before the 1996 intergovernmental conference to review the Maastricht treaty, providing it took a narrow definition of the need for change.

Mr Claes told MEPs that the Belgian presidency was determined to restore the authority of the European Commission and improve relations with the European Parliament. He added: "The treaty of Maastricht is (thereby) not an endpoint but rather a point of departure for further deepening and democratisation."

Brussels acts on treaties, Page 5

CONTENTS

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Hurd hints at Croatia sanctions

By David Owen in London and Laura Silber in Belgrade

MR Douglas Hurd, the British foreign secretary, yesterday hinted that the EC could decide as soon as next Monday to implement sanctions against Croatia.

The time had come for the EC to "consider economic measures" against the Croatians, Mr Hurd told members of the British parliament.

Mr Hurd said he thought there was a "strong case" for having a Moslem "contingent" among UN troops stationed in Bosnia. He believed, however, that Iran would not be a "suitable candidate" for providing such troops.

Nato agreed yesterday that US, French, British and Dutch strike aircraft could start protecting UN forces in Bosnia, including those in Moslem safe areas, from next week.

A meeting of the alliance's ambassadors decided the mission could start from July 22 but left any decision on timing to the UN.

Some 60 aircraft are expected to be involved, among them US A-10 "Warthogs" that can be used against artillery and tanks.

The mainly Moslem Bosnian army yesterday appeared to strike back from the air for the first time in the 16-month war in Bosnia when three aircraft dropped bombs on Serb-held targets.

If yesterday's incident is confirmed, it would be a violation of the no-fly zone in force over the whole of Bosnia since last October.

Tanjug, the Serb news agency, said three aircraft bombarded Serb-held positions near Olovo in central Bosnia. The report, which could not be independently confirmed, gave no details of casualties or damage.

● In a bid to raise $200m, the mininum amount needed to keep the relief operation going, Mrs Sadako Ogata, UN High Commissioner for Refugees, met Bosnian President Alija Izetbegovic to discuss the plight of 380,000 people trapped in the Bosnian capital and the possible reopening of the airport at Tuzla, north-east Bosnia.

UN officials have criticised all three sides, especially the Serbs, for blocking the delivery of aid.

About 2.3m people, more than half of Bosnia's 4.3 population, depend on UN emergency relief for survival.

Threat of new war with Serbs

By Laura Silber in Belgrade

CROATIA'S plan to re-open a strategic bridge this weekend risks re-igniting the Serbo-Croat war, a senior UN official warned yesterday.

Mr Cedric Thornberry, deputy chief of the UN mission in former Yugoslavia, said: "Both sides are armed to the teeth, and both have brought up reinforcements. Both are preparing for an escalating conflict.

"In these circumstances the risk of war breaking out again becomes really very high."

Frustrated by Serb intransigence on the opening of Maslenica bridge, which links the main coastal motorway with central Croatia, and the nearby Zemunik airport, Croat authorities are poised to re-establish the vital road link.

Serb forces from the self-styled state of Krajina have warned they will bombard the bridge if the Croats go ahead with a temporary pontoon bridge. Serbs have trained three Frog missiles on Zagreb, the Croatian capital, say UN officials posted in the region.

"The Croat authorities and the territorial defence forces of Serbian Krajina are engaging in brinkmanship around Maslenica and the Zemunik airport," Mr Thornberry said in Belgrade.

Croat forces seized control of the area in their offensive on January 22 across UN lines. Since then they have ignored a UN Security Council resolution calling for their withdrawal to the ceasefire line agreed on January 3 1992.

Croatia wants to reassert authority over Serb-held parts which comprise the four UN zones. Resentment has mounted against United Nations peacekeepers for failing to fulfil the peace plan to allow the return of Croat refugees to UN zones.

Estonia's hunt for identity alarms Russians

Matthew Kaminski, recently in Narva, on a new aliens law

IN 1944, Stalin's troops pushed out or deported 30,000 Estonians from Narva. The Russians who took their place now fear a similar fate.

The peaceful appearance of the industrial town belies a deep anxiety among its residents who, at least under the law, are now strangers in a foreign country.

Earlier this week, President Lennart Meri signed an aliens law that discriminates against the Russian minority, which constitutes around 40 per cent of the population.

The law results from Estonia's efforts to assert a national identity after 50 years of Soviet rule and although the new statute was amended to adopt some suggestions made by the Council of Europe and the CSCE, it falls far short of mollifying ethnic Russians or Moscow.

Russians must now pass a language test for Estonian citizenship or apply for residence and work permits. Neither is guaranteed.

"I guess I'll have to go back to Russia," says Valia Solovyova, 21, who sells flowers near the Lenin statue that stands in the town square.

Such sentiment has spawned a crisis in Estonia's north-east corner. The cities of Narva and nearby Sillamae, where the Russian population exceeds 95 per cent, will vote on regional autonomy this weekend.

"We'll never agree to alien status in our own country, no matter what it costs or what it takes," says Vladimir Aleksyev, Narva's trade union leader.

"They want us to leave Estonia," says Tatyana Yanchenko, 31, who, like many members of her generation, was born in the country. "When Estonia was destroyed during the war and Russia rebuilt it, nobody called us occupiers like they do now."

Young people, whose parents came to work in Soviet factories after the war, worry their children will not learn Russian in school. Among the older generation, the aliens law only exacerbates the shock they have felt at the collapse of the Soviet Union.

Mr Vladimir Chuikin, the town council chairman, is leading the referendum drive with help from Moscow. At his office, which he also used as the local Communist party chief, Mr Chuikin warns ominously of "another Ulster" if Estonia tries to stop a vote it considers illegal.

Ants Liiments, an Estonian who is Narva's assistant mayor, calls Mr Chuikin a dangerous populist who exploits the people's ignorance of the law. But Mr Liiments admits the law is flawed: "People should be granted Estonian citizenship in a simplified way because it's not their fault they were born here or that their mothers or fathers came here."

The crisis threatens stability across the region. President Boris Yeltsin last week hinged a troop withdrawal timetable from all three Baltic states on improved treatment of the Russian minority.

Recession stalks new González team

There are doubts the cabinet has the stomach for the fight, writes Tom Burns

THE NEW Spanish government of Mr Felipe González took office yesterday and was greeted with a degree of scepticism by the financial community. Doubts were cast on its stability and on its willingness to apply measures to curb Spain's worsening recession.

Mr González's Socialist party (PSOE) failed to win an overall majority in last month's general election, and despite extensive talks with leaders of the Basque and Catalan nationalist parties, the prime minister has failed to persuade either group to join his government as a junior partner.

The absence of the nationalist parties, which would have assured Mr González of firm parliamentary support, lends a provisional look to the new government. Both groups may change their minds, however, and try to join the cabinet after the 1994 budget is approved following the the summer recess.

Mr Gonzalez's new team is built around Mr Narcis Serra, the deputy prime minister in the previous government who is now given the additional responsibility of co-ordinating economic policy. Mr Pedro Solbes, a technocrat and a non-Socialist, has been promoted from the agriculture ministry to run the economy and finance ministry.

Neither Mr Serra, a plodding consensus politician, nor Mr Solbes, who has a record as an interventionist in defence of state industry, is viewed as a tough personality willing to take on the challenges of a recession. A senior Madrid corporate lawyer likened the new economic team yesterday to "an aspirin to cure a cancer".

Spain's king and queen look on as Mr Pedro Solbes is sworn in as economy and finance minister

The difficulties facing the domestic economy have been underlined this week by estimates which put the general budget deficit at 7 per cent of gross domestic product. That is double the figure outlined in Spain's Emu convergence plan and compares with 4.4 per cent last year. Year-on-year GDP rose by 0.5 in the first quarter and growth forecasts for 1993 range between zero and minus 1 per cent.

Inflation is nevertheless rising – it was up by 0.4 per cent in June to give an underlying 12 month rate of 5.9 per cent – despite the recession and a steep rise in unemployment. The number of registered jobless rose last month by 35,351, the first June increase for 10 years, and the total number of job seekers now stands at more than 2.5m, representing 16.6 per cent of the working population.

Echoing a widely shared view in the financial community, Madrid stockbroker FG forecast that the new government would avoid head-on collisions with the unions, would do little to reduce the budget deficit and would deregulate only under direct pressure from Brussels.

The one positive signal to the markets in the new government is the exclusion from the cabinet of the left wing of the PSOE which is championed by the deputy party leader, Mr Alfonso Guerra. This is a second humiliation suffered by the so-called *guerristas*. Mr Gonzalez has already foisted Mr Carlos Solchaga, the former economy minister and a bitter foe of the leftwing Socialists, on to the PSOE, as the party's leader and chief spokesman in parliament.

Mr González has retained as foreign minister Mr Javier Solana, who is no friend of Mr Guerra, and he brought into the cabinet minor-ranking social democrats, identified with the moderate wing of the party, as well as a total of six independents, three of them women.

It is likely now that the prime minister will continue to wage his war on the left wing by calling a party congress later this year or early in 1994. The *guerrista* faction, which holds most of the senior positions within the party, has been at the centre of scandals over illicit campaign funds that have severely embarrassed Mr González.

Should the latter deal a definitive blow to Mr Guerra's camp, and also meet home rule demands made by the nationalists when he draws up next year's budget, the way will be smoothed for the entry of the Basques and Catalans into the cabinet.

A broad-based coalition government would have its stability assured over the next four years. Given the more market-orientated policies of both the Basques and the Catalans, such a government would help to boost confidence about the economic policies that Mr González may pursue in his fourth term in office.

Mitterrand urges caution on sell-offs

Mitterrand: reflected debate over sensitive industries

By John Ridding in Paris

PRESIDENT François Mitterrand yesterday said that the conservative government of prime minister Edouard Balladur must exercise "extreme caution" in the privatisation of state-owned companies important to national interests.

Speaking in a televised interview, traditional on France's Bastille day holiday, the Socialist president also said that the franc must be defended and that the maintenance of its parity with the D-Mark in the the European exchange rate mechanism was "a necessity above all others."

Mr Mitterrand cited Elf-Aquitaine, the oil group, Aérospatiale, the aerospace company, and Snecma, the aero-engine maker, as examples where caution was needed. Elf is expected to be one of the first companies to be privatised as part of the government's programme commencing this autumn.

Stressing that there was no constitutional power to block the privatisation law passed by parliament, he said: "Once it has been passed I become a notary. It is my duty to sign and I sign."

But his comments reflect a debate within the ruling RPR and UDF parties concerning the privatisation of sensitive industries and suggest that the government may retain a "golden share" to maintain control of companies involved in defence, high technology and energy industries.

Mr Mitterrand appeared satisfied with his relations with the centre-right government but refused to be drawn on his relations with Mr Balladur.

"I am in favour of applying the constitution. The people voted and that is all," he said, referring to the March general elections in which the Socialists suffered a crushing defeat.

In a wide-ranging interview, Mr Mitterrand said that he was in favour of a Gatt agreement on the liberalisation of international trade but that any agreement "must be fair." He said that problems remained in the sphere of agricultural trade despite greater than expected progress at the G7 summit in Tokyo earlier this month.

The French president called for measures to stimulate consumption and to revive the economy. He said that "everything had been tried" in the fight against unemployment, but that the government should continue to search for new remedies. Mr Mitterrand, appearing relaxed and sharp during the interview, said he had "recuperated while working" following surgery for prostate cancer last September.

Garofano to be questioned today

By Haig Simonian in Milan

MR Giuseppe Garofano, the most important businessman sought in Italy's political corruption scandal, is expected to be interrogated by Milan magistrates in Geneva today.

Mr Garofano was arrested by Swiss police on Tuesday evening as he arrived at Geneva airport from Paris. Unconfirmed reports say he was planning to go to Milan to give himself up following contacts between his lawyers and Milan judges. Last night, Mr Garofano was reported to have asked for a week's "reflection" to decide whether to accept extradition to Italy.

Magistrates want to question Mr Garofano, formerly the most senior executive in the troubled Ferruzzi group outside the Ferruzzi family, on three matters.

The first is a L250m (£107,000) donation to the Christian Democrat party, the issue which apparently triggered Mr Garofano's decision to flee. Mr Garofano maintained the money was a personal contribution.

However, Milan magistrates, suspecting the money may have come from Ferruzzi, issued a warrant for illegal funding of political parties. Mr Garofano's name has come up in two other investigations since his disappearance. Milan magistrates monitoring the Ferruzzi rescue plan have been investigating the finances of some foreign subsidiaries.

Last month, Montedison, Ferruzzi's main industrial arm, shocked shareholders with a L435bn increase in its 1992 group loss to L1,679bn on account of mysterious credits, deemed irrecoverable, by a small Curaçao subsidiary.

Magistrates may also want to interrogate Mr Garofano on the now-defunct Enimont chemicals joint venture between Montedison and the state-owned Eni energy and chemicals group. A number of executives involved in Enimont, including Mr Raul Gardini, Montedison's former boss, have already been told that they are under investigation.

Mr Garofano's detention marks the first time a leading suspect in the corruption scandal has been arrested on an international warrant. Other suspects, including Mr Salvatore Ligresti, who gave himself up to Milan police this week after returning to Italy.

West Europe car sales plummet

By Kevin Done, Motor Industry Correspondent

NEW CAR sales in western Europe plunged by 1.3m to 6.091m in the first half of the year – a fall of 17.2 per cent. Demand declined steeply in all the main markets except Britain's. .

Sales last month fell by an estimated 16.4 per cent to 950,000, the sixth steep monthly fall in succession. The situation was worst in Italy, where year-on-year registrations dropped by 29.5 per cent.

Overall sales last month were lower than a year ago in 14 of 17 European markets. There were marginal rises in Denmark and Portugal, and stronger growth in Britain, where sales rose by 11.1 per cent. The UK, recovering from recession, has seen sales increase year-on-year in 12 of the past 15 months.

West Europe has suffered its steepest six-monthly fall in new car sales for more than a decade, with first-half demand lower in 15 of 17 markets.

The decline was led by a 19.9 per cent fall in Germany, Europe's biggest single market. Sales fell to an estimated 1.75m from 2.19m in the same period last year. First half sales in Spain were down by 29.3 per cent, in Italy by 22.5 per cent, and in France by 17.9 per cent.

Only Britain made a significant gain – of 9.1 per cent, albeit from a depressed level.

Volkswagen, Fiat and Ford suffered steep falls. The Fiat group, which includes Lancia and Alfa Romeo, lost most ground in the first six months. Sales plunged by an estimated 22.1 per cent compared with the 17.2 per cent drop in the overall west European market.

General Motors, which includes Opel/Vauxhall and Saab, gained market share helped by the successful launch earlier this year of its Corsa small car range.

Rover, the subsidiary of British Aerospace, is the only significant carmaker in Europe to have lifted sales despite the decline in the overall market. Volume rose by 10.5 per cent, increasing Rover's share to 2.8 per cent from 2.1 per cent in the same period a year ago.

Japanese carmakers have increased their share significantly from 11.6 per cent to 12.5 per cent, heightening tensions between the European Community and Tokyo over the level of Japanese car exports to the EC.

Nissan, Toyota and Suzuki have performed strongly this year helped by local production in Britain and Spain, which has enabled them to penetrate protected markets in southern Europe.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-June 1993

	Volume (Units)	Volume Change(%)	Share (%) Jan-Jun 93	Share (%) Jan-Jun 92
TOTAL MARKET	6,091,000	−17.2	100.0	100.0
MANUFACTURERS:				
Volkswagen*(incl. Audi,SEAT&Skoda)	1,034,000	−20.7	17.0	17.7
General Motors (Opel/Vauxhall, US# & Saab)	782,000	−14.4	12.8	12.4
– Opel/Vauxhall	750,000	−14.0	12.3	11.9
– Saab**	21,000	−28.8	0.3	0.4
Peugeot (incl. Citroen)	724,000	−17.2	11.9	11.9
Fiat (incl.Lancia, Alfa Romeo,Ferrari Innocenti,Maserati)	716,000	−22.1	11.8	12.5
Ford (Europe, US# & Jaguar)	700,000	−17.5	11.5	11.5
– Ford Europe	694,000	−17.6	11.4	11.4
– Jaguar	5,000	−4.9	0.1	0.1
Renault††	631,000	−17.4	10.4	10.4
Nissan	214,000	−9.0	3.5	3.2
BMW	198,000	−17.2	3.3	3.3
Rover†	173,000	+10.5	2.8	2.1
Toyota	170,000	−0.7	2.8	2.3
Mercedes-Benz	164,000	−29.3	2.7	3.1
Mazda	113,000	−24.5	1.8	2.0
Volvo††	89,000	−23.0	1.5	1.8
Honda†	81,000	−15.4	1.3	1.3
Mitsubishi	79,000	−13.3	1.3	1.2
Total Japanese	782,000	−11.1	12.5	11.6
MARKETS:				
Germany	1,752,000	−19.9	28.8	29.7
Italy	1,086,000	−22.5	17.8	19.0
United Kingdom	839,000	+9.1	13.8	10.4
France	813,000	−17.9	13.4	13.5
Spain	380,000.	−29.3	6.2	7.3

#Cars imported from US and sold in western Europe.
*VW holds 31 per cent and management control of Skoda.
**GM holds 50 per cent and management control of Saab Automobile.
†Honda holds a 20 per cent stake in Rover vehicle operations.
††Renault and Volvo are linked through minority cross-shareholdings.

Source : Industry estimates

Walesa says no plan to run in poll

PRESIDENT Lech Walesa yesterday denied that he was intending to run in Poland's parliamentary election next September, Christopher Bobinski reports from Warsaw.

He said he had suggested a new political grouping be formed in order to avoid anarchy and disorder. Poles "no longer believed in political parties".

He was responding to Mr Adam Michnik, editor of Gazeta Wyborcza newspaper, who attacked the "new type of party made up of those merely interested in holding on to power".

Ukraine demand over Sevastopol

Ukraine's parliament yesterday demanded Russia withdraw its claim to the Crimean port of Sevastopol, writes Chrystia Freeland in Kiev.

MPs described the Russian parliament's claim on Sevastopol, in the Ukrainian region of Crimea, as "an aggressive political action" and demanded that the decision be formally repealed. They said it was unacceptable for the unilateral Russian claim on part of their territory to remain on the law-books.

President Boris Yeltsin has condemned his parliament's move.

Abkhazia rebels scorn ultimatum

Leaders of the breakaway Georgian province of Abkhazia yesterday scorned an ultimatum to withdraw from villages near the provincial capital, Sukhumi, John Lloyd reports from Moscow.

Mr Sultan Sosnaliyev, Abkhazian defence minister, called the ultimatum a bluff. Abkhazian positions based in the villages shelled Sukhumi early yesterday morning, hours after the midnight deadline for the ultimatum had expired.

New aid rules approved by MEPs

By Lionel Barber in Strasbourg

MEMBERS of the European Parliament last night overwhelmingly approved new rules for the EC's 1994-99 regional development and structural aid programme, removing a major hurdle for disbursement of around Ecu141.5bn ($159.9bn) in the new year.

The favourable parliamentary opinion paves the way for the final go-ahead of the biggest-ever EC development programme at a meeting of EC foreign ministers next Monday, barring last-minute objections from Ireland and Greece.

Under the deal the UK will receive special aid for Merseyside and the Scottish Highlands, including Argyll, Bute and West Moray.

With this and other funding, the UK could receive between Ecu5bn and Ecu6bn over the next six years.

Prospects for a comprehensive deal rose earlier this week after the Irish government lifted its veto, despite its claim to I£8bn which it claims was guaranteed in last December's EC summit in Edinburgh.

Mr Albert Reynolds, Irish prime minister, has been in close touch with Mr Jacques Delors, president of the European Commission, and Mr Bruce Millan, EC commissioner responsible for regional affairs, in an effort to resolve outstanding differences.

The parliament's members voted 317 to 8, with only four objections.

They generally welcomed the new aid programme, accepting the Belgian presidency's argument that no deal would be bad for ministers and parliamentarians facing elections next year.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++4969 156 850, Fax ++4969 5964481, Telex 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl- Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.
DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41. Fax 33 93 53 35.

NEWS: THE AMERICAS

Rostenkowski floats compromise proposal to end impasse

New US energy tax plan

By George Graham

CONGRESSIONAL Democrats met yesterday to discuss their strategy for hammering out a compromise US budget bill, amid signs of a move towards a new variant on the proposed energy tax, which would raise money from both transportation fuels and utilities.

The energy tax proposal, suggested by Mr Dan Rostenkowski, who as chairman of the House of Representatives ways and means committee is Congress's principal tax writer, is being floated as a possible way out of the impasse between the two different levies passed by the House and the Senate.

While the House preserved the outlines of the energy tax originally proposed by President Bill Clinton, to be calculated at 26.8 cents per million British thermal units, the Senate adopted a much more modest proposal to tax petrol and diesel fuel at 4.3 cents per gallon.

The Btu tax appears to be dead, but House representatives are expected to insist that its replacement raise something much closer to the $72bn they expected from it than to the $23bn the Senate fuel tax would raise.

It is unclear at what rates the Rostenkowski tax would apply, but by adding electricity it would have the advantage of spreading some of the burden of the transportation tax, which falls disproportionately on western states.

One rival proposal would scrap energy taxes altogether and instead stiffen the increases already planned in company and upper income tax rates.

The conference between House and Senate delegates to resolve the differences between their versions of the budget bill is expected to prove particularly difficult because of the narrow margins by which the original bills were passed in each chamber.

Mr Clinton cannot expect a single Republican vote in either chamber, but Democratic whips say he can count on little more than 200 of the 258 Democrats in the House, and perhaps no more than 40 of the 56 Democrats in the Senate.

Every adjustment to the bill threatens to cost him support from either the right or the left: if spending is increased too much, he will lose conservatives, and if it is increased too little, he will lose liberals.

One thing the House and the Senate had seemed to agree on was the overall target of reducing the US budget deficit from its current trend by $500bn over five years. Even this, however, has now been called into question, with Senator John Breaux of Louisiana suggesting a more modest deficit reduction goal of $400bn.

City seethes in summit shadow

LEADERS began gathering in north-eastern Brazil yesterday for the third Ibero-American conference, which will focus on economic development and social justice.

The two-day summit, which starts today in the city of Salvador, brings together Latin American heads of state and those of the region's former colonial powers, Spain and Portugal.

Veronica Baruffati *on prospects and problems for the Ibero-American conference, opening in Brazil today*

Much of the two days will be spent drafting a document – An Agenda for Development, with emphasis on social development – to be presented to Mr Boutros Boutros Ghali, UN secretary general, for further discussion at the UN.

Most of the participating countries share urgent problems, such as high infant mortality, poor access to basic health and education services, illiteracy, malnutrition and endemic disease. Since May, ministerial meetings have been drawing up working papers on some of the issues.

Away from the conference's main agenda, President Alberto Fujimori of Peru is expected to use the gathering to further his international rehabilitation following criticism of his dissolution of Congress and seizure of wide powers in April last year.

Admiring Brazilian press articles on Peru's economic progress under Mr Fujimori pushed Brazil's President Itamar Franco to pledge this week that there would be no "Fujimorisation" of Brazil.

Citizens of the habitually languorous city of Salvador, Brazil's first capital, have been sharply critical of preparations for the conference and the accompanying facelift. Many claim the meeting will do little to solve everyday problems.

Only recently an official report put at more than 500,000 the number of children engaged in commercial sex in Brazil and a survey described 32m Brazilians as "desperately poor". Inflation for this year is being projected at a record 2,200 per cent.

In recent weeks the city has seen feverish activity to spruce up areas between the airport, the convention centre and the hotels where 21 leaders, including Cuba's President Fidel Castro, will be staying.

Armies of otherwise unemployed men have donned bright yellow uniforms to resurface and paint the city's two main arteries and clear up years of rubbish dumped along the roads and washed up on the city's beaches.

Hotels have rebuilt suites, and restaurants near the conference area have been subjected to weeks of rigorous inspection. In recent years parts of the historical centre, Pelourinho, with its magnificent churches and colonial architecture, have been restored, becoming one of Brazil's main tourist attractions.

Mr Franco will make his first official visit to São Paulo on Saturday, with several other heads of state, to inaugurate the permanent seat of the Latin American parliament.

This will coincide with a visit by more than 200 parliamentarians attending the biannual general assembly of the parliament in what is seen by many as a new phase in the process of Latin American integration.

Clinton to seek $2.5bn aid for flooded states

By George Graham in Washington

PRESIDENT Bill Clinton will propose $2.48bn of aid for the six states in the Mississippi and Missouri basins devastated by record floods, White House officials said yesterday.

The money is expected to be included in an emergency bill to go to Congress shortly.

Mr Clinton cut short his holiday in Hawaii to fly back for his second visit to the flooded area yesterday, inspecting relief efforts in Des Moines, Iowa, where the swollen Raccoon River has knocked out the city's water purification plant and cut off clean water supplies to 250,000 people.

The tide of grandees visiting the region – Vice-President Al Gore visited on Monday and Mr Clinton may return this weekend to St Louis – places its own logistical burden on emergency workers already stretched thin. However, the White House appears desperately keen to signal its close involvement with the disaster.

Some political commentators have gone as far as to suggest that Mr Clinton, by attending the Group of Seven industrial nation's summit in Tokyo last week, was allowing himself to be turned into a foreign policy president no different from his predecessor, Mr George Bush.

Others had noted the contrast between pictures of Mr Clinton frolicking in the surf during his holiday and the Iowans and Missourians up to their necks in floodwater.

However, there is little evidence that the US public at large begrudges Mr Clinton his few days of holiday, but political pundits recall the difficulties that Mr Bush's holiday habits brought on him.

Ms Dee Dee Myers, White House press secretary, said the relief aid request would cover the rest of fiscal 1993, to September 30, and would be part of an emergency supplemental spending request.

Democratic congressional leaders have said they would try to speed action on any proposed flood relief. Mr Clinton was expected to discuss the matter with bipartisan members of Congress during a visit to Capitol Hill today.

Damage estimates from Illinois, Iowa, Minnesota, Missouri, Nebraska, South Dakota and Wisconsin put the flood's cost so far at around $3bn – about $2bn for destruction of crops and $1bn in other property damage.

Even before President Clinton arrived, Iowa Governor Terry Branstad said he doubted that the federal aid would be enough.

"The damage in the state of Iowa is probably going to exceed $1bn," he said.

Volunteers with sandbags work to shore up a dike in West Des Moines, Iowa. President Bill Clinton visited the city yesterday

Property groups agree $500m Mexican project

By Damian Fraser in Mexico City

REICHMANN International and Soros Realty, the property companies run by Mr Paul Reichmann and Mr George Soros, have agreed in principle to develop a new stage of the huge Santa Fe real estate scheme in Mexico City, in a project that could be worth about $500m.

The companies, which formed a joint venture in February, are also negotiating property developments that could be worth up to $500m in the Alameda district in the city centre, and up to $300m in the construction of two tower blocks on the city's main avenue, Paseo de la Reforma.

They are looking for partners to spread the cost. Sources close to Mr Soros said the sums mentioned would "only represent the total value over a long time and would not represent any specific investment laid out". They said talks over the Alameda shopping and residential project were "nowhere near complete".

Mr Juan Enriquez Cabot, the city government official in charge of the Santa Fe development, said the investment was a vote of confidence in Mexico and its economic future.

Observers may also interpret Mr Soros's interest as his blessing for the peso, which is considered vulnerable to the sort of speculative attack favoured by the US financier and his hedge funds.

The Soros and Reichmann companies had agreed in principle to buy about 120,000 square metres of land in Santa Fe on the western outskirts of Mexico City, Mr Enriquez Cabot said. The companies will develop the fourth stage of the $5bn-$10bn project, building houses, office blocks, and shopping centres in what was once a rubbish dump and strip mine.

Mr Soros's Quantum Realty Fund will not take a stake in the proposed investments. While the fund is advised by Reichmann International and Soros Realty, its purpose is to invest in finished developments in the US and Canada.

Haitian protesters support Aristide

HAITIAN soldiers fired in the air yesterday to break up a protest by scores of youths urging the immediate resignation of military rulers and the return of exiled President Jean-Bertrand Aristide, AP reports from Port-au-Prince.

No arrests or casualties were reported from the confrontation, which took place in the vast Port-au-Prince slum of Cité Soleil, where troops massacred scores of Aristide supporters after a military coup in September 1991.

The protesters, most of them teenagers or younger, carried photographs of the deposed president and chanted: "Aristide, the country is for you!"

The protest came as Haitian politicians from across the political spectrum were gathering in New York for UN-brokered talks on setting up a democratic government.

The talks, which opened yesterday, will address how to bring peace to Haiti, contain political strife, and get parliament back on track so President Aristide can return to power on October 30.

The talks, which are expected to last three or four days, are the second stage in a UN-sponsored process outlined under a July 3 agreement signed by Mr Aristide and military chief General Raoul Cedras.

Italy shocked by demand to recall general

By Robert Graham in Rome

THE ITALIAN government yesterday reacted with a mixture of astonishment and wounded pride at the demand by the United Nations for the recall of General Bruno Loi, commander of Italy's 2,400-strong contingent in Somalia.

The call for the general's withdrawal promised to set Italy on its most public diplomatic row with its major allies in recent years. In parliament there were demands for an immediate response and further questions about the possible recall of the entire Italian peacekeeping force in Somalia.

Mr Beniamino Andreatta, the foreign minister, said he was "astounded" by the behaviour of Mr Kofi Annan, the official in charge of all UN peacekeeping operations, who demanded the removal of Gen Loi in a New York press conference.

The foreign minister indicated Mr Annan spoke in direct contradiction to an understanding agreed with Mr Boutros Boutros Ghali, the UN secretary-general. Mr Andreatta told parliament he had discussed the position of Gen Loi in a telephone conversation with Mr Boutros Ghali on Tuesday.

He said it was clear the UN secretary-general wanted to bring forward the rotation of Gen Loi, and they had both talked about this being done in August. This would then give the Italian government time to study the situation, Mr Andreatta told parliament.

However, the Ciampi government was last night being forced to choose between obliging the UN and the US, the main power behind the peacekeeping operation in Somalia, and closing ranks behind Gen Loi and behind the increasingly divergent Italian view of how to handle matters in the former colony.

On Tuesday, the government indicated that Italian forces should be withdrawn from Mogadishu, the Somali capital. This was to avoid being seen as an "occupation force".

The Italian authorities insist that the operation in Somalia has lost sight of its original humanitarian and peacekeeping mission. At the same time the Italian troops are not fully equipped for combat roles in peace enforcement.

Gen Loi was quoted as saying: "I am perfectly at ease with my conscience. I have acted according to the spirit and letter of the UN mission."

Although in private, there is some admission that Gen Loi may not have acted in consultation with the UN command, Unisom. They also point out the Americans themselves have consulted little.

The Italian government is also sensitive to international criticism of the role of its troops since this is their first combat mission since the second world war. So far three Italian soldiers have been killed and more than 20 wounded.

Japanese 'madonnas' sing rival tunes

Robert Thomson watches the top two female candidates square off in the election campaign

選挙

Japanese elections

In the cloying drizzle of a Japanese wet season, a white plastic grocery bag tied around the cast on a broken foot, Ms Yuriko Koike, star of television and the Japan New party, hobbled forth to deliver one more speech in praise of a JNP-backed candidate.

"If I was paid by the hour for this sort of stuff, I'd be a very rich woman," said Ms Koike, confident enough of voter support in her home prefecture of Hyogo to give time to other candidates hopeful that a bit of Koike charisma will rub off on their campaigns.

But, before next Sunday's general election, Ms Koike cannot afford to venture too far from Hyogo, in western Japan, where she is engaged in symbolic battle with Ms Takako Doi, the "iron butterfly" and former head of the Japan Socialist party, now known as the Social Democratic party.

The local media have dubbed the Koike-Doi bout the "madonna showdown". Ms Doi was supposed to lead Japanese politics and women into a new era, but the expectations have shifted to Ms Koike, whose past life as a television commentator has given her the off-camera confidence to keep a political gathering amused.

There are 70 women candidates, up from 66 in the 1990 poll and 35 in 1986, and it is pure coincidence that Hyogo is home to the two best known. The "madonna boom" was an important theme during the last campaign, although only 12 of the 512 members elected in 1990 were women, and the Japanese media have moved on to other subjects.

Hyogo has another symbol of the need for change: Mr Kenzaburo Hara, 86, running for the Liberal Democratic party for the nineteenth time, and the country's oldest candidate. He was politely advised by the party to make way for a younger candidate, but insisted that "this is the most important campaign of my life".

The congenial Mr Hara, who sees himself as a crusader against "confusion", is bewildered by more than just the plethora of new parties. Arriving for a speech at the Matozaki Gumi construction company, he was carefully guided into the building where construction workers, the LDP faithful, were to hear his faltering speech.

Matozaki has Mr Hara's posters plastered on the office walls and presumes another win will be good for business. The campaign posters show a strong-boned man, apparently in his late 50s, but the reality is that Mr Hara, hands and forehead freckled with age, has been unable to defy nature.

WOMEN CANDIDATES AND ELECTED MEMBERS

	Candidates	Elected
1972	20	7
1976	25	6
1979	23	11
1980	28	9
1983	28	8
1986	35	7
1990	66	12
1993	70	-

Some LDP candidates are wary of being seen as too close to the construction industry, accused of illegal funding of politicians and bid-rigging. But Mr Hara is comfortable in the company of his friends at Matozaki, where the corporate slogan is "More, most".

"What will happen to Japan if the LDP does not win? If opposition parties form a coalition government, they will not be able to agree with each other because their policies are so different. It will be chaotic for the country," said Mr Hara, who still has a sense of the issues and a politician's handshake.

If an opposition coalition is formed, much will depend on Ms Doi and Ms Koike, who is second-in-command at the JNP. In Hyogo No.2 constituency, where they are competing, there are seven candidates and five seats. It appears that both will be elected, while Mr Hara may be defeated, though 35 per cent of Japanese voters are still "don't knows".

For Ms Doi, winning more votes than Ms Koike is a matter of honour, as is rousing support for the SDP, which is expected to have its tally of seats cut from 140 to less than 100. Voters are unhappy with the LDP but now have a wider choice in casting a protest vote, which has generally gone to the SDP in the past.

After arriving in the "Takako-mobile", a van festooned with slogans and high-decibel loudspeakers, Ms Doi attempted to inspire shoppers in a mall at Takarazuka, a Hyogo city famed for an all-women theatre company which performs "Gone with the Wind" and "Grand Hotel" to permanently sold-out houses.

Introduced as the woman who can save Japan from the LDP, she told 200 people the SDP would not fail at the polls "in spite of the predictions of the media". Like Mr Hara, she is contemptuous of the newly-emerged parties and their "lack of beliefs and ideas".

Takako Doi: expectations have shifted to her rival

But Ms Doi is one of her party's greatest contradictions. An impressive speaker who seems to want the SDP to be a genuine alternative to the LDP, she remains an unrepentant ideologue. As leader, Ms Doi maintained the traditional support for totalitarian North Korea, and was unable to draft a coherent economic policy.

"I don't vote for the Socialist party, but I do vote for Doi san," explained a 34-year-old woman standing in the Takarazuka mall. "I think she is a wonderful person. I trust her and, for me, that is the most important thing. I believe that she will try to do the right thing, even if her party does the wrong thing."

US and N Korea say nuclear row talks 'useful'

By Frances Williams in Geneva

SENIOR US and North Korean officials held seven hours of talks in Geneva yesterday in a second attempt to head off confrontation over Pyongyang's refusal to allow international inspection of suspect nuclear sites.

Mr Robert Gallucci, US assistant secretary of state, called the talks "useful". Mr Kang Sok-ju, North Korea's first vice-minister for foreign affairs, said they had been "intensive, productive and useful." The two sides meet again tomorrow.

Yesterday's was the second encounter over the issue following Pyongyang's decision in March to withdraw from the 1968 nuclear non-proliferation treaty. At talks in New York in June, North Korea agreed to suspend its decision but refuses to give International Atomic Energy Agency inspectors access to the suspect sites.

The IAEA believes that North Korea may be storing plutonium that could be used to make nuclear weapons without declaring it to the agency as required by the non-proliferation treaty rules.

North Korea denies this but has refused access to two buildings close to its nuclear reactor at Yongbyon, 95km north of Pyongyang, where the IAEA believes the plutonium may be stored.

The US and North Korea last month pledged not to start nuclear war and voiced support for a nuclear-free Korean peninsular, impartial application of IAEA safeguards, non-interference in each other's internal affairs and the peaceful reunification of Korea.

This week's talks centre on what would constitute "impartial" inspections. North Korea has claimed that the IAEA is biased in favour of the western powers, and the US has threatened to seek United Nations sanctions against North Korea if the talks fail. President Bill Clinton warned last weekend that, if North Korea ever used nuclear arms, it "would be the end of their country".

Kiichi Miyazawa, Japan's prime minister, wearing a security outfit, inspects damage on Okushiri island. Mr Miyazawa said temporary housing was urgently needed for evacuees after Monday's earthquake off Hokkaido. The ministry of home affairs said it would provide relief grants.

Kirin chiefs on charges of paying gangsters

By Emiko Terazono in Tokyo

JAPANESE police yesterday arrested four executives of Kirin Brewery, the country's leading beer and food maker, on charges of making illegal payments to gangsters.

Kirin is alleged to have paid about Y33m (£203,700) to gangsters to ensure order at their shareholders' meeting held last March. It is common for gangsters to appear at shareholders' meetings to ask awkward questions and embarrass a company's board.

Corporate payments to stop disruption of shareholders' meetings are seen as an easy source of income. However, the police have been tightening their grip over such violations of the commercial code.

Last October, Mr Masatoshi Ito, the president of Ito-Yokado, a leading retailer which also controls Southland of the US, was forced to resign following arrests of company executives who had allegedly made illegal payments of over Y27m to gangsters.

The police yesterday also arrested eight members of Rondan Doyukai, a gangster group also linked to the Ito-Yokado case. They said the payments to Rondan allowed Kirin to conclude its most recent shareholders' meeting in March within 24 minutes.

The arrests come ahead of the government's scheduled reform of the commercial code in October aimed at providing more information to shareholders and making it easier for shareholders to sue corporate management.

Many companies fear that the changes could encourage gangsters to threaten corporations.

NEWS IN BRIEF

Russia on alert over Afghan clash

GENERAL Konstantin Kobets, the Russian deputy defence minister, yesterday demanded the right to use "all possible force", including aircraft and rockets, in the escalating conflict on the border between the former Soviet republic of Tajikistan and Afghanistan, writes John Lloyd in Moscow.

Gen Kobets' call, which comes three years after Russian troops pulled out of Afghanistan, followed an attack on a border post manned by a joint unit of Russian and Tajik interior troops which left 20 Russians dead. The Tajik foreign ministry said a village eight miles from the border with Afghanistan was destroyed and between 100 and 200 Tajiks killed.

In a second appearance before the parliament after it had postponed a decision on legalising the actions of Russian troops in Tajikistan, Gen Kobets said "the twelfth border post fell today – I cannot guarantee that the thirteenth will hold. The way in to Tajikistan lies open."

Gen Pavel Grachev, defence minister, told the official Itar-Tass agency that extra units of the Russian 201st division stationed in Tajikistan would be sent to the Afghan border.

Refugees from the civil strife which devastated parts of the republic last year are massed in camps within Afghanistan, which now function as bases for trans-border guerrilla actions supported by Afghan mujahideen.

The Tajik government, formed by forces supported by the former Communists, invited Russian troops earlier this year to assist in guarding the borders and in ensuring internal order.

Hong Kong reserves stand at $35bn

Hong Kong's foreign currency reserves rose by $6bn to $35.2bn at the end of 1992, Mr Hamish Macleod, the colony's financial secretary said yesterday, Simon Holberton writes from Hong Kong. At the end of last year Hong Kong had the ninth largest stock of foreign currency reserves. Taiwan's reserves were US$83bn, while China's – excluding the external assets of Bank of China – were about US$20bn.

Hong Kong disclosed its external position for the first time a year ago. The colony's reserves are managed by the newly created Monetary Authority – a central bank in all but name. The Authority is responsible for maintaining the Hong Kong dollar's fixed link with the dollar – at HK$7.8 – and regulates the colony's banking system and money market.

The development of the money market is one of the Authority's prime aims. In 1992 the stock of outstanding short-term money market instruments rose to HK$19.3bn from HK$13.6bn in 1992.

Flood damage feared in Pakistan

Widespread flood damage was feared in Pakistan last night as another 100 villages were flooded in the province of Punjab by the rivers Ravi and Chenab, adding to the 250 already affected, Farhan Bokhari reports from Islamabad.

The floods have again raised fears of large-scale destruction to crops and property.

Seoul sacks generals over arms accusations

PRESIDENT Kim Young-sam of South Korea yesterday sacked two top generals allegedly linked to corrupt arms purchases, a Defence Ministry spokesman said, Reuter reports from Seoul.

General Cho Nam-pung, commander of the country's three field armies, and Lt-General Park Woong, the assistant defence minister, would be replaced, the spokesman said.

The two were among 34 defence officials and military officers accused last week by the Board of Audit and Inspection of being involved in irregular deals and bribe-taking.

Under Mr Kim's orders the board investigated recent military hardware purchases, including a $5bn air force modernisation plan, which opposition politicians say were secured through corrupt means.

Industrial earnings in China surge

CHINESE industry more than doubled its earnings in the first five months of 1993, according to figures released yesterday, Reuter reports from Beijing.

The State Statistics Bureau said the country's 357,000 industrial enterprises earned nearly Yn51.3bn (£5.9bn) from January to May, a 110 per cent increase over the same period last year, the official China Daily newspaper reported. Sales were up nearly 40 per cent to Yn1,104bn and pre-tax profits rose nearly 50 per cent to Yn129.6bn.

"The impressive gains concealed problems that, if not resolved in good time, might drain the economy and stifle market demand," the bureau was quoted as saying. "The speed-up in industrial production has been excessive and has created tension between sectors of the economy."

The official Xinhua news agency said efficiency at large and medium-size state enterprises was up 17 per cent. It attributed this to more autonomous management, growth of heavy industry and rising consumption in coastal provinces. Much of the earnings gain came from the enterprises.

Tension rises in south Lebanon security zone

ISRAEL sent 1,000 soldiers and a fleet of tanks and armoured vehicles to its self-declared security zone in southern Lebanon yesterday, sparking renewed speculation of an imminent attack against Arab guerrillas, writes Julian Ozanne in Jerusalem.

Israeli aircraft flew mock raids over both south and eastern Lebanon and the inner cabinet discussed a list of possible military actions against Arab guerrillas operating in Lebanon as retaliation for the killing of five Israeli soldiers last week.

In Beirut Mr Rafik Hariri, the Lebanese prime minister, said the escalation in tension was aimed at putting pressure on his government to make concessions in the Arab-Israeli peace talks to the detriment of Lebanese sovereignty and dignity. "We will not submit to any blackmail from Israel," he said.

Mr Yitzhak Rabin, the Israeli prime minister, has vowed to strike back against the Palestinian and pro-Iranian Hizbollah guerrillas, responsible for last weeks' deaths.

Senior Israeli officials, however, played down the possibility of a serious strike especially while Mr Dennis Ross, the US peace talks coordinator, was in the region. Mr Ross left for Washington yesterday.

Syria, which Israel blamed for the surge in violence, also called yesterday for the US to discourage an Israeli retaliation.

It said such action could jeopardise the next round of peace talks.

Israeli ban on PLO links under review

By Julian Ozanne in Jerusalem

ONE of Israel's greatest taboos – a ban on direct contacts with the Palestine Liberation Organisation - is under serious review.

Since Mr Yitzhak Rabin's government came to power last year unofficial contacts between Israelis and the Tunis-based PLO, long castigated as terrorists bent on the destruction of the Jewish state, have mushroomed. There is an increasing number of senior Israeli politicians who now believe a durable peace with Palestinians will not be possible without face-to-face talks with the PLO.

"If you are going to talk business you had better talk with the boss," said Mr Benny Temkin, an MP from the Meretz party, Mr Rabin's most important coalition partner. "

Despite government statements this week denying that officials have recently met the PLO, the belief that there is a secret dialogue refuses to go away.

The respected daily Haaretz newspaper said yesterday a senior Arabic-speaking Labour party official had had five or six meetings with PLO officials including Mr Nabil Shaath and Mr Bassam Abu Sharif in Egypt and the US. Haaretz said that after each meeting Mr Rabin was briefed in writing.

Mr Gad Ben-Ari, Mr Rabin's spokesman, denied the contacts again yesterday but, whatever the truth, it is clear there is a growing body of opinion in favour of direct dialogue with the PLO.

In January, the government repealed a law banning contact between individual Israelis and PLO officials. Several MPs have since held public meetings with PLO officials and one radical Labour MP Ms Yael Dayan met Mr Yassir Arafat, the PLO chairman, in Tunis.

Meretz, which has 12 MPs in the 120-strong Knesset and four cabinet posts, is publicly committed to direct contacts with the organisation. Mr Temkin said the coalition agreement allows Meretz to raise the issue and "we are doing it now."

At least one Labour party minister, Mr Uzi Baram, has also come out in favour of direct talks and a Labour MP claimed last week a further seven Labour party ministers privately supported the idea, which, if true, would mean an 11-7 majority in the cabinet.

Furthermore, critics of the government say Mr Rabin's acceptance of the inclusion in the Palestinian peace delegation of Mr Faisal Husseini, who is close to Mr Arafat, was a tacit acceptance of a PLO role.

The issue has become more critical as the peace talks have faltered, especially over whether east Jerusalem should be included in the interim phase of Palestinian self-rule.

Other issues critical to a peace deal, such as territorial concessions on the occupied West Bank and security guarantees, need PLO involvement, say experts.

However, an official change of policy will have to overcome two considerable obstacles. The first, according to Mr Ben-Ari, is that "Arafat personally is viewed as a vicious, anti-Semitic demon and a symbol of so many things Israelis despise."

Opening a dialogue would be politically dangerous and play into the hands of the right-wing opposition Likud party.

The second is that the Israeli government believes that a formal inclusion of the PLO in the peace process will lead the talks away from the interim phase of self-rule and towards the much more sensitive issue of an independent Palestinian state.

Most observers believe that any change in government policy will be gradual. But they say that progress on the peace talks will be difficult if not impossible without the PLO's official involvement in some shape.

Commission seeks to be sole trade negotiator

Brussels wants US treaties modified

By Lionel Barber in Strasbourg and David Gardner in Brussels

THE European Commission has asked seven member states to modify bilateral friendship treaties with the US, in a move aimed at restoring its authority as sole trade negotiator of the EC.

The Commission's proposal is a further challenge to the informal US-German "non-aggression pact" in which each side agreed to exempt the other from trade sanctions in the US-EC dispute over public procurement.

Germany has come under renewed pressure to implement EC trade sanctions against the US in the transatlantic row over government telecommunications contracts.

Germany maintains that a 1954 trade treaty with the US prevents application of Article 29 of the EC's Utilities Directive which establishes a preference for EC companies on procurement contracts.

So far, Bonn has refrained from exchanging letters to confirm the deal with Washington. The Commission's latest move may inflame matters; but Sir Leon Brittan, the EC commissioner responsible for external economic relations, is ready to take Germany to the European Court of Justice if necessary, according to EC officials.

The Commission has proposed that Belgium, Denmark, Germany, Ireland, Italy, Luxembourg and the Netherlands give one year's notice to the US that they intend to modify bilateral friendship, commerce and navigation treaties to accommodate Article 29.

Only Germany considers itself exempt from Article 29, because its treaty with the US predates the Treaty of Rome. Commission officials said they were taking a hard line, in case member states with similar treaties further undermine the EC's united trade policy.

On the Uruguay Round Gatt negotiations, Sir Leon assured the European Parliament yesterday that television broadcasts, films and other audio visual products needed special treatment.

Mr Willy Claes, Belgian foreign minister, said the EC should not be the "victim of a naive and free trade liberalism".

But Mr Claes made clear he was not in a hurry to reach agreement on proposals which would make it easier for the Commission to impose anti-dumping measures. This issue has divided the EC between protectionist-minded countries and free traders. Mr Claes said it would be better to wait until after an outline agreement in the newly-resumed Gatt trade talks in Geneva.

● Japanese officials have agreed that Japan's car exports to the EC this year should be lowered further from the earlier agreed levels, to take into account the fall in EC demand, a European Commission source said yesterday.

Italian export insurance for review

Tighter guidelines will follow corruption charges, writes **Robert Graham**

IN A little-noticed move, the Italian Treasury has decided to carry out a thorough review of the operations of Sace, the state-run export insurance agency with total exposure of L52,266bn (£22.25bn).

The outcome is likely to have a profound impact on the way Italian exports are given cover. In future Sace – or its replacement – will operate on much tighter guidelines with more overtly financial criteria and less subject to the strong-arm of the politicians.

Sace has operated with a great degree of discretion and has been deeply beholden to political masters. This has been exposed in recent months by its involvement in the corruption scandals that have led in turn to a complete overhaul of the agency's board.

Mr Roberto Ruberti, head of Sace, is still in jail after being arrested on March 11 on charges of corruption. Two other senior Sace executives were arrested, along with three other figures linked to the export credit business. Mr Ruberti, a former member of the Bank of Italy, is alleged to have received payment in return for providing Sace cover for overseas Italian contracting operations.

These developments prompted the Treasury to move in and take a closer look at Sace, while also guaranteeing the normality of the agency's operations. Rome magistrates are understood to be examining a series of suspect insurance deals, especially in the Caribbean, between 1983-88. Some \$300m-\$400m (£200m-£270m) is involved.

Until the magistrates have clarified matters, the Treasury cannot approve formal settlement of the suspect operations. As a result the Treasury is expected to establish an escrow account to assure creditors they will be paid.

Even without the damage caused by being caught up in the corruption scandals, Sace was in need of a reappraisal. Questions have been building up for years about how far the Treasury should be funding indemnity payments and over the slim size of premiums. There have also been demands for a better definition of the types of country risk available for Sace cover, as well as new guidelines on the agency's role in backing overseas aid projects. The latter area is where some of the worst abuses are believed to have occurred.

The Treasury has handed out over L3,380bn in the past two years to assist Sace payout indemnity claims and L1,400bn more is likely this year. The level of indemnities is believed to have peaked in 1992, the large recent

> Even without the damage caused by the corruption scandals, Sace needed reappraisal

amounts reflecting problems dating back to 1983-90. These losses relate primarily to the Latin American debt crisis, exposure in Egypt and problems arising from political change in east Europe – notably the former Soviet Union, ex-Yugoslavia and Poland.

The need for such Treasury support stems more from low premiums than from the income received from credits recovered. Since Sace was established in 1977 premiums have slipped from covering over 80 per cent of indemnities to under 10 per cent. The ratio of recoveries to indemnities is over 60 per cent.

Since 1990 tighter methods of control have been in operation; but only now are the authorities recognising that Sace has conducted insurance cover on far too discretionary a basis. Thus one of the main tasks of the commission will be to provide a set of ground rules for transparent operations judging risk both by country and by business sector.

A more sensitive issue concerns future Sace policy towards covering investments regarded as strategic in risk countries. This is especially important for Italy, which depends almost wholly on energy imports whose cost has to be offset by an aggressive export policy. Successive governments have thus encouraged big trade and project finance deals with the energy suppliers. The most notable examples are trade and investment deals to offset the cost of Algerian and Soviet gas.

Between them, Algeria and the former Soviet states account for L15,000bn (split in roughly equal parts) of Sace's cover – nearly 30 per cent of all long-term commitments. Much of the L7,000bn Sace cover for Algeria embraces trade and investment related to building a second under-the-Mediterranean gas pipeline. Nevertheless, at present these countries would not necessarily come within the ambit of stricter criteria for Sace coverage – either in terms of political risk or because of non-payment of debts.

The Treasury commission will therefore have to decide whether such strategic investments are determined by reasons of state or by purely commercial considerations. If the former, then cover will have to be arranged in a different way – for instance, guaranteed direct by the Treasury or backed by special collateral.

A pointer is the current negotiations between ENI, the state oil concern, and Gazprom for a \$1.8bn contract to modernise and upgrade the Russian federation's gas pipe network. Here the Italians want a commodity collateral in gas or oil. Only when the collateral has been finalised will the Sace cover of \$1.6bn be forthcoming.

Japan cautious on surplus cut

By Charles Leadbeater in Tokyo

JAPAN's current account surplus is unlikely to be reduced in the next two years despite last week's agreement with the US that there should be a significant cut, a senior Japanese government official warned yesterday.

Mr Sozaburo Okamatsu, the Ministry of International Trade and Industry's vice-minister for international affairs, said the surplus would probably only start to fall in three years' time and the pace of change would depend on the state of the world economy as much as the strength of Japanese domestic demand. He confirmed the Japanese government was discussing policies which would allow it to meet its commitment to pursue strong and sustainable domestic demand.

Miti officials believe it could take up to five years for the surplus to be significantly reduced, as the agreement demands.

Mr Okamatsu, the senior Miti official involved in negotiating a trade talks framework with the US, said the agreement did not sanction the use of numerical targets to open up Japanese markets to imports. The "objective criteria" referred to in the framework to measure progress in opening markets would only be used to assess past progress and not set goals.

"We only agreed to use data from the past, not data which could be used as a target for the future," he said.

The use of numerical targets to guide Japanese policy had been the most contentious issue in talks over the framework, which culminated in an agreement last Saturday.

The US had been pressing Japan to accept the goal of halving the current account surplus – expected to be about \$150bn (£100bn) this year – to 1-2 per cent of gross national product.

Instead, the agreement commits Tokyo to "achieve a highly significant reduction in the surplus over the medium term". Mr Okamatsu defined the medium term as about five years.

Okamatsu: no numerical targets

Geneva reclaims Gatt talks

By David Dodwell, World Trade Editor, and Frances Williams in Geneva

THE 116 countries involved in the Uruguay Round of global trade liberalisation yesterday launched two weeks of intensive negotiations in Geneva aimed at laying foundations for a successful agreement by the end of the year.

Talks will focus on tariff cuts in manufactures and farm products, and opening markets to trade in services.

This is the first time in six months that multilateral negotiation toward the long-delayed agreement has been engaged. For much of the past two years most negotiators have been hapless spectators to bilateral wrangling between the US and the European Community, and more recently between the "quad" countries, which include Japan and Canada.

Mr Peter Sutherland, the new director-general of the General Agreement on Tariffs and Trade, which is overseeing the negotiations, called yesterday on participants to table significant market-opening offers. "We can't allow the process to drift aimlessly. We simply don't have the time," he said after briefing negotiators on the breakthrough achieved at the Group of Seven summit in Tokyo last week.

He hailed the tariff-cutting agreement as "not comprehensive, but a good package which allowed us to say there had been a very positive result". It was already clear the overall Uruguay Round package should achieve tariff cuts "well in excess" of its one-third target.

Mr Sutherland has called a further meeting of the Trade Negotiations Committee – the principal body overseeing the Uruguay Round negotiations – in two weeks. He will then examine progress, and "point fingers at the poor performers" if necessary.

A further TNC meeting will be called late in August to "set a critical path" for negotiations through autumn. The target is to complete an agreement in principle by December 15, when the US administration's fast-track authority runs out.

Sutherland: calling for offers

German state seeks investment

MECKLENBURG-West Pomerania, the most rural and thinly populated of the new east German *Länder* (states), is seeking foreign private investment in the water, sewage, housing and tourist industries, said Mr Berndt Seite, its prime minister, Peter Norman writes.

Visiting the UK, Mr Seite said seven British companies were interested in investing in the state, including companies in the building material and food sectors. He said it could take 20 years before the state caught up with western Germany's standard of living. But it could offer a wide range of financial inducements to potential investors and had good contacts with industry in former communist countries.

Thatcher calls for British referendum on Maastricht

By Alison Smith

LADY THATCHER, the former prime minister, made a passionate plea yesterday for a referendum so the British people could decide whether to surrender more of their powers to the European Community.

Addressing the House of Lords, parliament's upper chamber, she said EC institutions were diminishing the UK sovereignty so far and so fast that the people should be asked whether this was what they wanted.

In a final appeal on behalf of the opponents of the Maastricht treaty on closer European political and monetary union, she concluded: "It is the people's turn to speak. It is their powers of which we are the custodian."

But the idea of a referendum on Maastricht was firmly rejected in a series of speeches from government and opposition spokesmen, as well as four former members of Lady Thatcher's cabinet.

Lord Lawson, the former chancellor of the exchequer, argued that the UK's "opt out" on monetary union meant that a referendum was not needed now. He added, however, that since in his view monetary union implied a loss of national sovereignty, if the UK were ever to opt for monetary union, then there should be a referendum at that point.

Lord Lawson claimed the Maastricht treaty only built on agreements entered into by Lady Thatcher when, as prime minister, she secured parliamentary approval for the single European act.

Many peers, including Lord Wakeham, the leader of the Lords, warned that embarking on a referendum so long after signing the treaty and having gone through so much of the parliamentary process would do "the greatest possible damage to Britain's reputation" in the Community.

Lord Whitelaw, one of Lady Thatcher's most influential confidants when he served as deputy prime minister, told peers that by supporting the demand for a referendum they would be seen to be seeking to usurp the "leading role" of the Commons. He stressed that MPs had rejected a referendum by a massive 239 vote majority.

Lord Whitelaw underlined the role of the Lords as a revising chamber and maintained that a vote in favour of a referendum would be seen as a clear rejection of the decision already reached by the Commons.

Making clear Labour's opposition to a referendum – which has led to the government's confidence of defeating the referendum campaign – Lord Richard, the party's leader in the Lords, said the treaty had been given ample consideration. "It is time that the talking now stopped".

Yesterday's debate marked the climax of the Lords consideration of the Maastricht bill. Though a further stage remains, it will not provide the opportunity for the set-piece occasion which saw peers sitting on the steps of the throne and crowding at the limit of the chamber to hear the main speakers.

Instead, the most serious challenge for the government will come in the debate on the social chapter in the House of Commons, later this month, once the bill itself has become law.

A coalition of opposition parties in favour of the social chapter and Tory rebel MPs still seeking to frustrate ratification could defeat the government, by supporting a move to prevent the UK ratifying the treaty until it had committed itself to the social agreement.

In a speech which once again raised the profile of the Euro-sceptic cause, Lady Thatcher painted a picture of a Westminster parliament in which representatives were no longer accountable to those who had elected them because they had passed decision-making powers to the European Commission and had been unable to prevent the European court extending its powers.

The UK had "surrendered too many powers already. We should surrender no more unless the people wish it," she said.

Sanctions urged to halt illegal data trade

By Rachel Johnson

NEW LAWS are needed in Britain to stamp out a growing black market in confidential personal information ranging from bank account details to legal records, the Data Protection Registrar said yesterday.

Mr Eric Howe, the registrar, is so concerned about the UK market in data on income tax, bank accounts and credit cards that he has asked the Home Secretary to launch a parliamentary investigation into the nature and extent of the trade.

He wants the government to consider whether there should be stronger laws against "disclosure by deceit", even though the Data Protection Act requires banks and other personal data users to have appropriate security for the information they hold.

A loophole in the act means that personal details can be disclosed by a data user, such as a bank, provided it is authorised under the Data Protection Register to reveal such information.

The act requires data users to register if they disclose personal details to another organisation such as a credit reference agency.

But bank staff are being duped into giving away confidential information to unauthorised private agents posing as authorised users and hired mainly for debt collecting purposes, according to the Mr Howe.

Banks and finance houses have become increasingly concerned about the leaks of information following complaints by Mr Norman Lamont, the former chancellor of the exchequer, and Ms Stella Rimington, the head of MI5, that the security of personal files had been breached.

The British Bankers Association has been reviewing security in banks following reports that "tracing agents" were bribing banks' staff for the internal codes required to authenticate inquiries.

Some tracing agents who specialise in debt collection and other private inquiries can also subscribe to this data. But the agencies insist that only those with appropriate consumer credit licences can obtain financial data.

The agencies – the largest are Infolink, CCN and Equifax – offer tiered access to data, and charge different amounts depending on the amount of data disclosed:

- Infolink charges 53p per record for a check on "black data" held against a person, including court judgments and bankruptcy rulings that indicate that a person is a very poor credit risk.
- For £1.41, a user approved to receive credit data will get additional "white data" on how the individual has handled other financial contracts. This will not include bank account details and payment records unless the user has access to "closed" data.
- Subscribers who have agreed to supply information such as payment records for their own credit card will receive detailed information from other subscribers' records.

The registrar is concerned that stronger sanctions are needed to deter unauthorised access by third parties.

Mr Howe also warned that the re-issue of National Health Service numbers could introduce a system of national identification. He doubted whether the use of NHS numbers would be adequately restricted by Crown Copyright – which would not even prevent the use of the number by other crown agencies.

Complaints by individuals to the DPR about the use of their personal data rose from 1,747 in 1992 to 4,590 this year.

Most related to credit references, vehicle licensing records, criminal and financial records. But complaints about direct marketing, or "junk mail", fell.

Fraud inquiry at Lloyd's agency

By Richard Lapper

THE SERIOUS Fraud Office yesterday launched a formal investigation into the affairs of insurance syndicates formerly managed by the Gooda Walker agency at Lloyd's of London, presenting new difficulties for the insurance market as it seeks to attract new corporate investors.

Gooda Walker syndicates lost more than £900m between 1987 and 1990, accounting for nearly a sixth of the market's overall losses of more than £6bn. Leaders of loss-making Gooda Walker Names – the individuals whose assets support underwriting at Lloyd's – welcomed the report but called on Lloyd's to suspend its moves to drawn down their assets pending completion of the investigation.

"This is the conclusion of a long campaign to have these allegations of fraud taken seriously," said Mr Michael Deeny, chairman of the Gooda Walker Action Group, which represents more than 3,000 Gooda Walker Names.

The SFO decision to investigate follows its review of a report into the four Gooda Walker syndicates by Mr Ken Randall, a director of the agency now managing their affairs. The Randall report, which was handed to the SFO in April, alleged that Gooda Walker syndicates artificially inflated their profits during the 1980s through the improper use of "time and distance" policies – reinsurance policies that allow Lloyd's syndicates to manage their reserves against so-called long-tail claims more effectively. Long-tail claims emerge many years after the inception of policies. Mr Randall is now examining other areas of syndicates' business.

Mr David Rowland, chairman of Lloyd's, said he had decided to publicise the investigation which he said ran parallel to Lloyd's own formal enquiries. "I was determined to get it into the public arena. We want to deal with this rigorously. The misdeeds of the past should be exposed."

Mr Rowland insisted that Lloyd's would go ahead with its plans to issue cash calls and drawn down the deposits of Gooda Walker Names, in spite of the probe. "We have a duty to pay the claims," he said, hinting at a possible clash with Names. Some 4,500 Gooda Names are expecting to pay cash calls totalling some £157m at the end of this month.

Name your price – feudal titles for sale

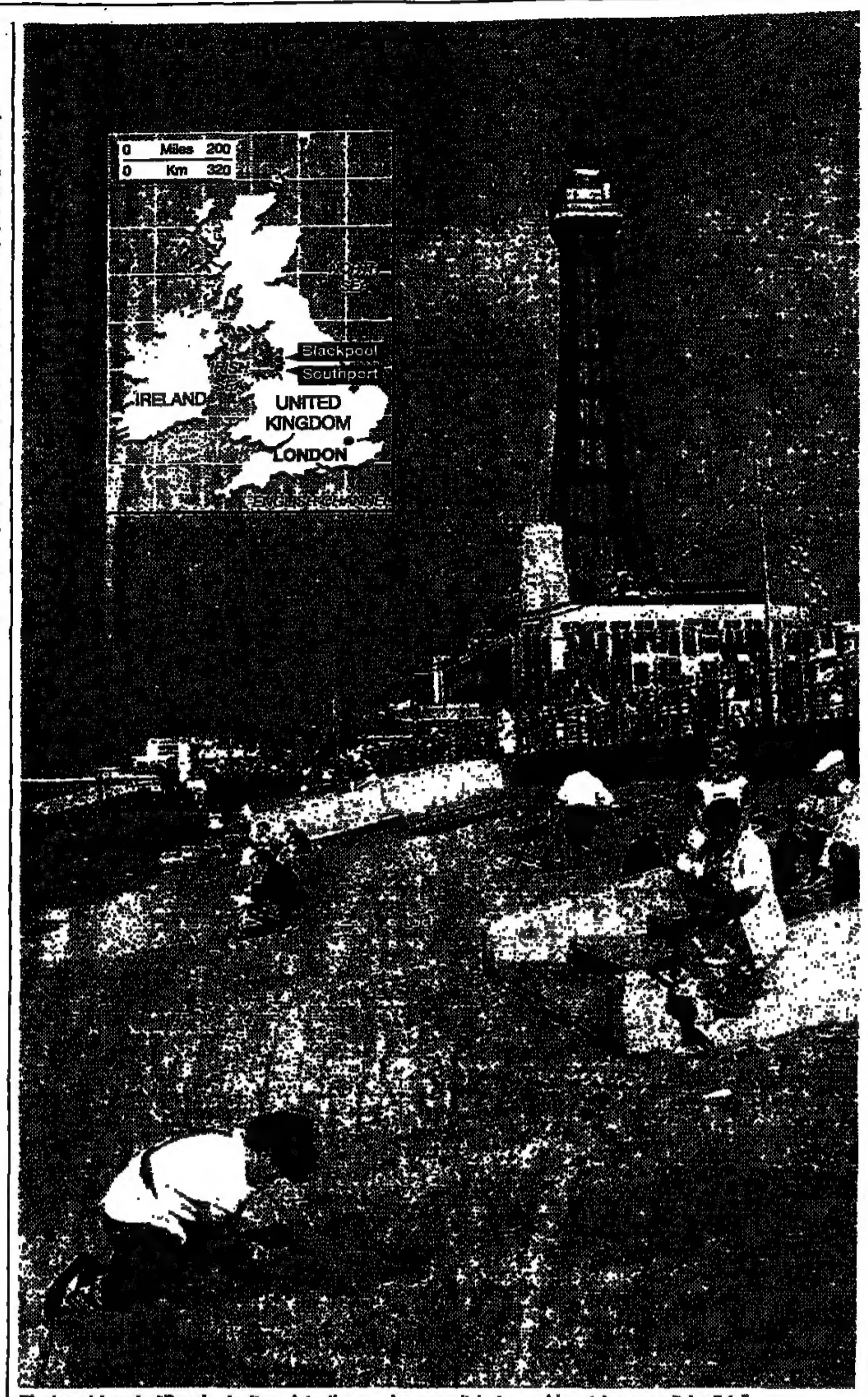
Sales by distressed Lloyd's Names are contributing to a boom in demand for feudal titles, according to an auctioneer who specialises in the market.

"Its like the Norman conquest only in reverse. The Anglo-Saxons are getting their own back," says Mr Robert Smith, of London-based Manorial Auctioneers, who says his firm has sold more than 200 Norman titles in the first six months of 1993.

Lloyd's Names who have sold titles recently include the Earl of Carlisle, who raised £55,000 by selling his barony of Gilsland in Cumbria to a US buyer.

"Its a very painless way of raising a bit of cash," says Mr Smith, who says that at least 100 Lloyd's Names – the individuals whose assets support the insurance market – have sold their titles this year alone.

A list of 70 titles currently being marketed by Mr Smith includes the Lordship of Shrewsbury's Fee in Isleham, Cambridgeshire – a snip at £5,500 – and the Lordship of Bermondsey in London – a more expensive £35,000.



Blackpool beach: "People don't go into the sea because it is too cold, not because it is dirty"

Labour outlines proposals for statutory investment watchdog

By David Owen

A LABOUR government would set up a British Securities and Exchange Commission with comprehensive supervisory and enforcement powers, a spokesman said yesterday.

Under a blueprint set out by Mr Stuart Bell, a trade and industry spokesman, the new body would swallow the much-criticised Serious Fraud Office, which would become its enforcement arm. It would take over all fraud, regulatory and supervisory work currently handled by the Department of Trade and Industry.

Mr Bell said the British SEC would be a statutory authority with powers over retail banking, building societies, insurance, corporate governance, accountancy, pension funds and the Lloyd's insurance market. Labour would also overhaul UK insolvency laws, introducing "Chapter Eleven-type" procedures to give companies in difficulties a "better chance of survival", he said.

His speech to the Oxford university business summer school appeared to open a rift over City regulation between Labour's Treasury and trade and industry teams.

Less than two months ago Mr Alistair Darling, a Labour Treasury spokesman, said he did not advocate the "importation" of a US-style SEC. "We need a solution designed for the UK," he told the Scottish region of the London stock exchange.

Anticipating criticism of Labour's suggested approach, Mr Bell argued that statutory regulation was "no more time-consuming or expensive than self regulation". The SEC in the US was self-financing and in 1991 raised 132 per cent of its operating budget in fees, he said.

Smith claims victory in battle over union links

By Ralph Atkins and David Goodhart

MR JOHN SMITH, the Labour opposition leader, yesterday claimed victory in the first round in his battle with trade unions over their links with the party by striking a deal on sweeping reform proposals.

Mr Smith expressed delight when an internal review group of union representatives and Labour MPs backed changes in line with his own thinking, on the selection of Labour candidates, the election of future leaders and on ending union "block votes" at party conferences.

The deal was a victory for Mr Smith whose confrontation with trade union bosses over the principle of "one member, one vote" (Omov) has turned into a test of his leadership. He said a "broad consensus" had been reached.

But the initial reaction of key unions last night was not supportive and Mr Smith still faces a struggle to win approval for the proposals on selecting candidates.

The agreement will go to Labour's ruling National Executive Committee on Monday and a summer of attrition between the Labour leadership and the trade union movement is likely before the proposal reaches the party's conference in September.

After a day-long meeting, the review group's report was agreed without a vote after representatives of the GMB and TGWU unions, the most vocal opponents of Omov, apparently decided not to try to block the plan at this stage.

The group backed Mr Smith's insistence that only full members of the Labour party should vote in the selection of parliamentary candidates. Under a so-called "levy-plus" system, Labour-supporting trade unionists would also have to pay a reduced membership fee, in addition to the political levy, to become members.

On leadership elections, the group proposed a new electoral college with trade union members, Labour MPs, and constituency members each having a third of the votes compared with the present 40-30-30 split.

In addition, votes in each section of the electoral college would be cast individually, so a constituency or trade union's votes would be allocated according to the support for each candidate, ending the winner-take-all "block vote".

In the same way, at Labour party conferences, the votes of unions, constituency parties and affiliated organisations would be cast by individual delegates in strict proportion to the numbers they represented.

The main compromise was in describing trade unionists who join the Labour party as "registered trade union members."

Britain in brief

Jobs agency highlights use of contacts

Nearly half of all job vacancies in Britain are filled through informal "word of mouth" contact, according to Mr Mike Fogden, chief executive of the Employment Service, the agency which runs government job centres.

Mr Fogden said that between 40 per cent and 45 per cent of jobs are filled by informal contacts. The agency, which he has run since 1987, accounts for about 30 per cent of placements, with the rest covered by classified advertising and private agencies.

He said that as many as 25 per cent of the workforce may have experienced unemployment between April 1990 when unemployment started rising and February this year when it fell.

Guidelines on share options

Britain's two leading shareholder bodies have issued guidance on executive share option schemes aimed at insuring that top executives are only rewarded for performance.

The National Association of Pension Funds and the Association of British Insurers, whose members own more than half the shares of UK corporations, said the guidance is intended to let companies know the kinds of share option schemes they should approve.

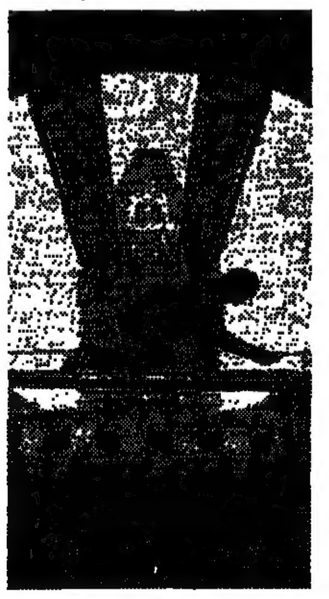
John Birt defends BBC

Mr John Birt, the BBC director general, launched a counter-attack against his critics who he described as traditionalists, opportunists, society's hecklers and old BBC soldiers "sniping at us with their muskets".

The riposte, which included an unprecedented attack on the past inefficiency of the BBC, came the day after Mr Mark Tulley, the BBC's south Asia correspondent had attacked what he called the atmosphere of fear and sycophancy in the corporation.

The BBC had been, Mr Birt told the Radio Academy Festival in Birmingham yesterday, "an unwieldy, almost soviet-style command economy" where money was allocated from the top down to every activity. Since 1990, Mr Birt said, £180m had been saved and savings now running at around £100m a year were being ploughed into programmes.

Tower Bridge under repair



Tower Bridge, one of London's most famous landmarks, has been closed following a structural inspection which found that steel beams beneath the road surface were seriously corroded. A team of engineers is restoring the 100-year-old bridge, used by 40,000 vehicles a day, by repairing the Victorian beams to give it a further working life of at least 60 years. The work is due to be completed in September.

Tories seek spending cuts

Right-wing Conservative MPs have presented proposals for "vigorous" cuts in public spending to Mr Kenneth Clarke, the chancellor of the exchequer, and warned that income tax increases would "betray all that the party stood for".

Further curbs on public spending should take priority also over another extension of indirect taxes such as VAT, the steering committee of the 92 Group of Conservative MPs said in a report given to Mr Clarke. Its proposals included a moratorium on recruitment to the civil service and government agencies, and cuts in spending on defence.

Optimism up in Scotland

Scottish business is more optimistic than at any time since late 1990, according to the latest quarterly survey by the Fraser of Allander Institute – the economic research body at Strathclyde University in Glasgow – and six chambers of commerce.

The survey found business confidence had risen across the board and there was rising demand for personal loans. Demand had risen "significantly" in manufacturing and retailing, but it had fallen in construction and risen "moderately" in the wholesale and tourism sectors.

Strike ballot at Lloyds Bank

The banking union Bifu is balloting its 12,000 members at Lloyds Bank this week on a series of one-day strikes over pay. The union is protesting over the ending of cost-of-living increases and the introduction of performance pay. The ballot will close at the end of August.

The 22,300 members of the Lloyds Group Union have already balloted their members on the same issue – the result is expected in the next few days.

Dirty beaches tarnish Blackpool's Golden Mile

By Bronwen Maddox in London and David Gardner in Brussels

BLACKPOOL'S Golden Mile resort reacted with outrage yesterday to a ruling by the European Court of Justice that its beaches do not meet environmental regulations.

Mr John Donovan, secretary of the 1,300-strong Blackpool Hotel and Guest House Association, which caters for many of the resort's 15m visitors a year, said: "People don't go into the sea because it is too cold, not because it is dirty."

The court said neighbouring Southport also fell below EC standards. Yesterday's ruling carries no financial penalty but the UK has been ordered to pay costs. There are actions pending against all EC members except Denmark for failure to meet the standards.

The 1975 EC bathing waters directive requires countries to bring water up to specified standards within 10 years. The court rejected the UK's argument that the timetable should apply from the date when a stretch of coastline was designated a place "where people bathe in large numbers", not from the date of the directive. The UK, which originally designated only 27 beaches, now has 457 on the list. Blackpool was added in 1987.

The UK government dismissed the ruling as largely "technical". Mr Tim Yeo, environment minister, said: "The Commission has accepted we are doing everything possible to bring these bathing waters up to standard as soon as practicable". The industry is spending some £2bn to ensure that "virtually all" waters will meet the directive by 1995, he said.

UK government figures show recent investment has brought "79 per cent of [UK bathing] waters within compliance in 1992 compared with 56 per cent in 1987". This still makes the UK the second dirtiest country in the EC league table, ahead only of Germany which has 76 per cent compliance. All other countries report over 90 per cent compliance.

North West Water, the water and sewerage company which supplies Blackpool, said "planning wrangles" had delayed modernisation. "Everybody wants the beaches cleaned up but not everybody wants treatment works on the doorstep," it said.

At present, sewage from the 250,000 residents in Blackpool and nearby Fleetwood is filtered to extract only the bulkiest waste, before being discharged into the sea through pipes between a quarter and a half mile long.

The investment will put in 12 miles of tunnels to bring sewage to new bacteriological treatment plants which will break down the waste, before piping it out through new three-mile long outfalls.

UK faces obstacles to competition

By Tony Jackson

A LACK of human resources and training are the chief obstacles to UK industrial competitiveness, a government study has found.

Government officials told MPs yesterday that the main difference between the UK and its overseas competitors lies at the craft and technician level, while management quality is also variable.

The report says that productivity in manufacturing still lags behind Japan, France and Germany by 25 per cent. But the gap has closed from between 40 per cent and 45 per cent at the end of the 1970s.

Mr Robert Dobbie, head of the newly formed competitiveness division at the Department of Trade and Industry, told a House of Commons select committee that the gap was largely due to the use of human resources rather than lack of investment. "In the past 10 years, investment as a proportion of value added has been considerably higher in the UK than in the US", he said. "In Germany it has been similar to the UK. But UK productivity has been lower."

The UK's lower spending on research and development was a source of concern, he said. Innovation depended not only on R&D, but on the successful exploitation of new ideas.

The report, submitted by the DTI as evidence to the Commons Trade and Industry committee on UK manufacturing competitiveness, relates to a study submitted to ministers earlier this year.

Press reports at the time alleged it had been suppressed as too damning about UK industry. This was yesterday denied by officials, who said the new version contained the same data and omitted only confidential advice to ministers.

Mr Tim Sainsbury, industry minister, said the report showed that while by British industry had caught up significantly in the past 15 years, there were still gaps. "In the training of technicians and craftsmen, the results are perhaps worse than we expected", he said.

Mr Dobbie told MPs British management was also variable in quality. The best were of world class, but there were many poorer performers

He denied MPs' suggestions that UK manufacturers were at a disadvantage on fiscal grounds. "The fiscal regime in the UK is relatively favourable towards industry", he said.

He also denied that UK companies were handicapped by shareholder pressure for large dividend payments. "The evidence is that in general, UK companies do not get into difficulties by paying too large dividends", he said.

MANAGEMENT: MARKETING AND ADVERTISING

Michael Cassell follows J&B's market manager from the Scottish highlands to the nightclubs of Spain

Diary of a whisky salesman

The Brodie of Brodie, 25th laird and master of Castle Brodie, a romantic monument to Scottish highlands' history, wears the same, weary expression as his Labrador dog.

His library is crammed with chattering Spaniards; there are some outside the window suspended under a hot air balloon and others lining up to be measured for a kilt. Tomorrow, they might throw a haggis.

The Brodie of Brodie, turned 80, has seen it all before. So has Jonathan Stordy, the adrenalin-fired market manager for J&B whisky who is 50 years his junior.

Serious business is at stake for Stordy, who has to ensure the Scottish evening is a hit with his 50 important guests. Back in Spain, after all, they are at the sharp end of an increasingly cut-throat assault on the local whisky market by J&B's owner, the Grand Metropolitan subsidiary International Distillers and Vintners.

IDV is number one in what is its biggest market, each year selling at a premium price, 2.2m cases of "smooth, soft aspirational" J&B Rare, along with much smaller quantities of the deluxe labels J&B Reserve, a blend at least 15 years old, and Knockando, a Speyside single malt. Stordy and his colleagues have to fight local whisky producers and rival, international brands such as Ballantines and Johnny Walker Red Label to sell every bottle.

Mixing it in the marketplace gives the biggest buzz to a man who once dreamed of becoming a professional golfer and who joined IDV two years ago after a spell as a Unilever brand manager, promoting shampoo in Ecuador and washing powder in Egypt. But the ceilidh at Brodie Castle is still a very important part of his present job.

The morning after the night before Spanish VIPs go to the Knockando distillery for lectures on whisky-distilling and blending. Stordy, in impeccable Spanish, shows videos which mix action-packed images of youthful, sporting prowess with the J&B brand.

He is careful to stress the concept of responsible alcohol consumption. In Spain – where there are 13 measures to the bottle against 36 in the UK – J&B customers are told: "To know how to drink is to know when to stop." Half of them already take it with Coca Cola or water and ice.

The Spanish visitors are impressed by the riverside distillery, if a little alarmed to hear that the equivalent of three and a half bottles of Scotch – "the angel's share" – evaporate each minute from the large, bonded warehouses.

Within days of the Scottish visit, Stordy is in Spain to do what he loves best.

He regards himself, primarily, as "a champion of J&B's long-term strategy, closest to the marketplace", acting as a bridge between J&B in Britain and its Spanish consumers but working closely with Anglo Espanola de Distribucion (AED), the Madrid-based national marketing company which IDV acquired in 1990.

Apart from policing the quality of local marketing operations, Stordy's objectives include tailoring J&B's global strategy on issues such as premium pricing, presentation and image to match local conditions. He tries to help Scotland deliver improvements in customer service, speaks regularly to the 40-strong network of Spanish distributors and keeps close tabs on the competition. It is all, he says, about adding value.

Stordy will not criticise the team in Scotland but is clearly frustrated at times by their reluctance to accept what they are told by people on the ground. Knockando, he says, is being outsmarted in the quality gift market by brands such as Chivas Regal and Cardhu. He is pushing his UK colleagues to retaliate with better packaging. Images of the Scottish highlands are not good enough.

His overriding mission is to keep J&B in pole position in Spain, which means a very traditional drink bearing the royal warrant of no fewer than six British kings and two queens "must stay exciting to the young". "We must be number one in the night," he insists, as he begins a marathon "on-trade" tour to bars, nightclubs and discos.

At the Honky Tonk bar Stordy chats with Jose Luis Salto, the "nightman of Madrid", who works across the city until dawn ensuring J&B is on show and in demand.

On to a J&B open-air party at the Boulevard bar where clumsy clowns push the product. J&B supports 4,500 such parties every year at some of Spain's 300,000 bars, each event graded into A, B and C events, depending on how many cases each outlet normally sells.

Next stop for Stordy and Javier Barruetabena, AED's sales director, is Joy Aslava, the top night spot where hundreds dance to music which thumps the chest while drinking Scotch at £6 a slug. Stordy is "pacemaking", handing out luminous, bottle-shaped lapel badges which create instant interest. There are, however, too many bottles of Ballantines around for his liking.

Whisky galore: Jonathan Stordy hopes to win over the Spanish palate

Next day, to the airport, where J&B has its revenge. After 15 meetings, Barruetabena has finally persuaded the airport bar concessionaire to replace Ballantines with J&B. Stordy is impressed.

On to Barcelona – which consumes 10 times more bottles of J&B than the entire UK – for an important meeting with Caprabo, a supermarket and hypermarket operator ordering 10,000 cases of J&B a year.

The government welcomes hypermarkets because price-cutting helps curb inflation. Suppliers such as J&B are more cautious, required to remain competitive but determined not to degrade the quality image. Off-trade sales are increasingly vital but J&B must keep within the clearly defined price bands which define its market.

There is a late-night dinner with Vicente Estruga, a large, genial man who runs local distributor Dicom. More club visits follow and, in one, a reveller sings the praises of J&B over the bar. He wins a luminous badge. The night ends early at 3am, with an earnest, pavement conversation about promotional packs and point of sale material. Stordy is still firing on all cylinders but finally concedes: "It's not a party. It's a bullfight."

Ouzo moves to the back shelf

Scotch has become the national drink of Greece, outselling the native ouzo by 40 per cent. A country of only 3m households and with a struggling economy, it imported 2.4m cases of mainly bottled-in-Scotland brands, worth £78m, last year.

Since 1988, Greece has increased import volumes by 65 per cent and climbed from 10th to fourth place in the list of the industry's overseas markets.

Growth was stimulated by reductions in the tax on imported spirits in 1987. After further cuts last year, Greece now has one of the lowest spirits taxes in Europe – close to a fifth of the UK rate.

Lower prices and increased marketing encouraged a shift in consumer habits, particularly among young people who began to desert the tavernas for modern night clubs and bars. In these clubs Scotch has become the favourite tipple, selling for up to £60 a bottle, mixed in tall glasses with ice and water or ice and cola. The opportunity has been seized and exploited most successfully by United Distillers (UD), the Guinness spirits division.

The old Distillers Company (DCL), taken over by Guinness in 1986, was weakly placed in the Greek market.

Andrew Morgan, UD's regional director for southern Europe, recalls: "DCL had 13 brands of Scotch on the market, handled by seven different distributors. The brands competed against each other as well as against those of our rivals."

Cutty Sark, owned by Berry Bros and Rudd, and Ballantine's from Allied-Lyons were the market leaders. UD's Johnnie Walker Red Label was a poor third; Dewar's trailed further behind.

Morgan was sent to Greece to sort out the situation. "The plan was to exert more clout by segmenting the portfolio and repositioning the brands, to develop our own local resources and recover profit margins," he says.

The portfolio was split into complementary halves: one focused on Dewar's, Bell's and Dimple; the other on Johnnie Walker Red Label and Black Label.

It was decided to position Dewar's as the stylish drink for young people frequenting bouzouki clubs and bars. Volume sales were small, but the brand appealed to the young because of its market leadership in the US and because it was not associated with older drinkers in Greece.

A joint venture, UD Kanellakis, was formed with the Greek distributor, Nektar, to handle the brand, and a portfolio which also included Bell's and Dimple, number two to Seagram's Chivas Regal in the deluxe sector, Rebel Yell bourbon and Tanqueray gin. UD retained strategic marketing control but used the Nektar sales force.

The Johnnie Walker brands were targeted on the take-home trade and modern night clubs; given a slightly older, less brash, advertising image than Dewar's, designed to appeal to the Greek fondness a chat with friends over a drink.

The take-home trade, with premium Scotch such as Red Label priced at about £7 and deluxe Black Label at twice that price, is growing fast. Last year it accounted for 55 per cent of total whisky sales compared with 30 per cent in 1988. To handle these brands – together with Gordon's, UD's best-selling gin – a joint venture was formed with Boutari, the country's leading wine producer and distributor.

Constantine Boutari has transformed the country's wine industry, improving quality and developing new brands. As growth slowed, however, the group had been seeking opportunities to enter other drinks sectors. The partnership – recently formalised in the creation of UD Boutari and renewed for 20 years – provided the strategic opening it needed.

Boutari now also imports and distributes Guinness stout and Carlsberg lager, as well as producing Kronenbourg and Henninger beers under licence.

But the joint venture company, with Ian Meakins, a former member of UD's European marketing team as managing director, concentrates on the marketing and sales of UD's spirits and Boutari's wines. Profits go to the brand owners and costs are shared on a formula based on volume sales. It employs 80 salesmen in the clubs and bars, and supports its advertising with a stream of promotions.

The two joint ventures have rapidly built UD's strength in the market. Its brands have grown faster than those of its rivals. In five years, UD Boutari has tripled sales of Johnnie Walker Red and made it market leader. UD Kanellakis has increased Dewar's sales tenfold. In the process, UD has more than doubled the trading profits of its operations in Greece.

Philip Rawstorne

Grocers' guide to the east

Material deprivation played its part in the collapse of communist rule in east and central Europe. So it is not surprising that knowledge of marketing conditions in these countries is still pretty basic.

But the gap is being plugged by market research. Mintel has published a report* produced by KAE Development, a specialist in business development in east Europe, examining various aspects of grocery marketing in the Czech and Slovak republics, Hungary and Poland, which together form a market of some 65m consumers.

There are some striking east-west differences. While household spending on food, drink and tobacco is on average 19 per cent of total income across EC member countries, it is 70 per cent in Poland and 50 per cent in Hungary.

The study also suggests that as much as 25 per cent of spending on groceries still goes on black-market products.

Other findings useful for western businesses moving into the region include:

- high brand awareness of west European goods, but fickle brand loyalty. "There is no longer such a strong belief that products from western Europe are superior, in fact there is a local patriotism which western European companies ignore at their peril."
- The countries concerned have no shortages of consumer goods and "most grocery sectors are well covered".
- Promotions, competitions and similar marketing devices are very popular; a west European coffee company ran a promotion in the Czech republic offering consumers the chance to win a new car and attracted entries from almost one-third of the population.

**Grocery Marketing in Practice 1993; price £3,300, or by individual country at £1,500 each. From Mintel, 18-19 Long Lane, London EC1A 9HE.*

Gary Mead

LEGAL NOTICES

Company No: 02568594
Registered in England and Wales
ELISION COMMUNICATIONS LIMITED
Principal place of business: 113 New London Road, Chelmsford, Essex CM2 0QZ.
NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG on Monday 26 July 1993 at 11.00 am for the purposes mentioned in Sections 99 to 101 of the said Act, viz:
(a) to have laid before it a statement as to the affairs of the company;
(b) to nominate one or more insolvency practitioners as liquidator or liquidators; and
(c) if thought fit, to establish a liquidation committee.
(d) and to pass any other resolution necessary.
A list of the names and addresses of the company's creditors may be inspected free of charge at 9 Greyfriars Road, Reading, RG1 1JG between 10.00 a.m. and 5.00 p.m. on 22 July 1993 and 23 July 1993. Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodge their proxies at 9 Greyfriars Road, Reading RG1 1JG no later than 12 noon on 23 July 1993. A form of proxy is enclosed. Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Unless there are exceptional circumstances, creditors will not be entitled to vote unless their proofs have been lodged and admitted for voting purposes. While proofs may be lodged at any time before voting commences, creditors intending to vote at the meeting are requested to send them with their proxies.
Unless they surrender their security, secured creditors must give particulars of their security and its value if they wish to vote at the meeting.
DATED 9th July 1993
BY ORDER OF THE BOARD
NOTES
1. Creditors are requested to supply details of their claims with their proxies in order to assist with the preparation of the directors' statement of affairs.
2. A proof of debt is a document stating the amount of the creditor's claim and may (subject to Rule 4.76) be in any form.

IN THE MATTER OF
LEADENHALL AUTOLEASE LIMITED
AND
IN THE MATTER OF THE INSOLVENCY RULES 1986
In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that Nigel Ruddock and E W J Long of Robson Rhodes, The Galleria, Station Road, Crawley, West Sussex, RH10 1HY were appointed joint liquidators of the above company by the members on 12 May 1993.
NOTICE IS ALSO HEREBY GIVEN that the creditors of the above named company are required on or before the 15th day of August 1993, to send their names and addresses, with particulars of their debts and claims to the undersigned N Ruddock and E W J Long of Robson Rhodes, The Galleria, Station Road, Crawley, West Sussex, RH10 1HY the joint liquidators of the company, and if so required by notice in writing from the joint liquidators either personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice and in default thereof they will be excluded from the benefit of any distribution made before such debts are proven.
Note: This notice is purely formal and all creditors have been or will be paid in full.
Dated 30th day of June 1993
N Ruddock and E W J Long
Joint Liquidators

No. 004836 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF SERIF PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 7th July 1993 confirming the reduction of the capital of the above-named Company from £8,500,000 to £3,400,000, and the reduction of the Share Premium Account of the above-named Company by £351,361.45, and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars as required by the above-mentioned Act, were registered by the Registrar of Companies on 8 July 1993.
DATED this 15th day of July 1993
Biddle & Co
1 Gresham Street
London EC2V 7BU
Ref: J/62
Solicitors for the above-named Company

Notice of creditors' meeting under Section 48(2) of the Insolvency Act 1986
Registered in England and Wales
Company No 2156943
CAPITAL HIRE LIMITED
(In Administrative Receivership)
Principal place of business:
234-238 Norwood Road, London SE27 9AW
NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Melrose House, 42 Dingwall Road, Croydon, Surrey CR0 2NE on 28 July 1993 at 11.30 am for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.
Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:
(a) they have delivered to us at the address shown above, no later than noon on 27 July 1993, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.
Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Dated: 9 July 1993
Signed: N J Vooght.
Joint Administrative Receiver

[illegible] CORPORATION LIMITED
[illegible]
NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a meeting of the creditors of the above-named company will be held at [illegible] Hotel, High Street, [illegible], Northamptonshire [illegible] on Tuesday the 20th day of July 1993 at 11.00 o'clock in the forenoon for the purposes mentioned in Sections 99, 100 and 101 of the said Act. Any information required by Creditors concerning the Company's affairs may be obtained from T. [illegible] Insolvency Practitioner.
Dated this 8th day of July 1993.
By Order of the Board,
A.V. [illegible], Director.

TECHNOLOGY

Just the ticket for Spielberg

The thunder of dinosaur feet in Jurassic Park is likely only to be beaten this weekend by the thunder of movie-goers' feet as they stampede to cinemas to see Steven Spielberg's latest blockbuster movie, which is previewed in the UK this evening.

Those who prefer to turn their backs on this somewhat prehistoric method of getting a seat can use technology to ensure a place at the front of the queue.

MGM Cinemas is using a fully automatic ticket booking service for customers in 34 cinemas in the London and Brighton area, including the Trocadero in London's cinema land in the west end. A telephone call will enable customers with credit cards to book a seat at their first choice cinema or at a nearby venue if that is not available.

And, assures Keith Pullinger, assistant to the general manager at MGM, there will be enough lines to ensure that every caller gets through. "I defy anyone to get their phones answered as quickly as we can."

The numbers to be called will be advertised in the local press – each of the 34 cinemas has been allocated a different number. Callers hear a recorded announcement asking questions about the film, day and time. By pressing the number indicated after the time or film the preference is registered. The most popular film is always listed first, says Pullinger. "Seventy-five per cent of bookings now are for Jurassic Park."

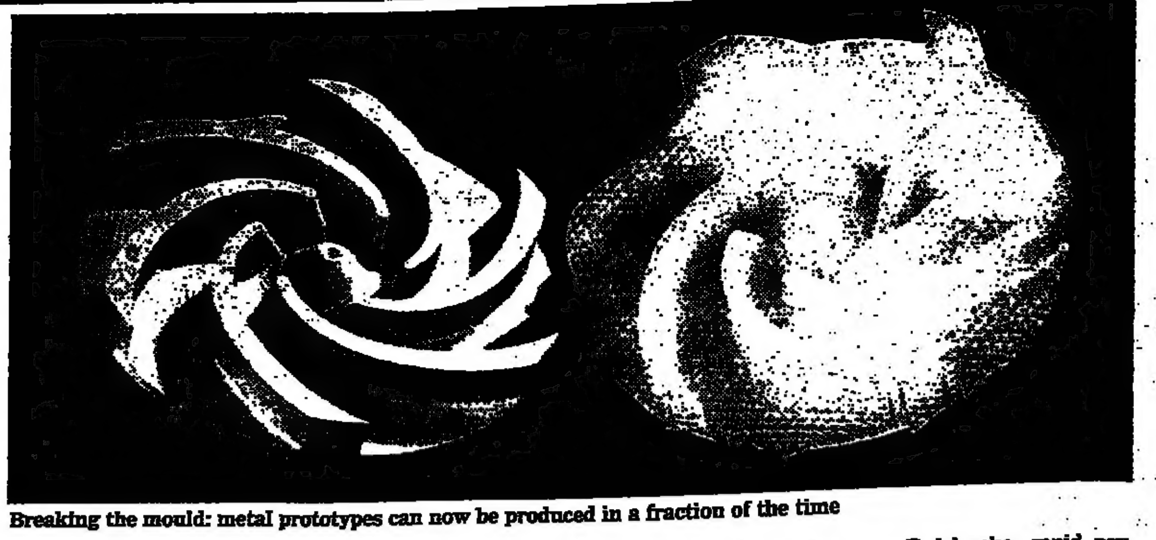
Once the details, including the credit card number, are determined, the main computer, which is operated by Computicket, sends them to the cinema requested using the Paknet radio data network. Confirmation is then sent back to the computer centre and the tickets printed out in the cinema for collection. If the caller does not have a modern tone telephone, the system will switch the caller to a human operator.

According to Pullinger the Computicket service is unique in offering both a manual and automatic booking service.

Della Bradshaw

Andrew Baxter on a breakthrough in rapid prototyping

Making it quickly in metal



Breaking the mould: metal prototypes can now be produced in a fraction of the time

On the table in front of Richard Fedchenko is a small propeller blade made of cured polymer. It is a typical product of rapid prototyping – the process that manufacturers have been using for the past five years to help speed up their product development.

Next to it is the same blade cast in metal. It might normally have taken months to produce, but is also a product of rapid prototyping.

Fedchenko is a senior executive at 3D Systems, the California-based company which dominates the rapid prototyping industry. Last month, 3D launched QuickCast, a new rapid prototyping and tooling technology that claims to reduce the lead time on metal castings by 80 per cent.

The launch is a big event for 3D and "a quantum leap" for rapid prototyping, says Fedchenko. As such, it could have important business implications for rapid prototyping as a contributor to concurrent engineering, the umbrella term for using teamwork and technology to get products onto the market quicker and to increase competitiveness.

Rapid prototyping is already being used by hundreds of companies worldwide, including British Aerospace and Mercedes-Benz. It takes any three-dimensional computer-aided design (Cad) file of a part, converts it into hundreds of layers and builds the prototype from that.

3D uses a system that traces each layer by directing a laser-generated ultraviolet light on to the surface of a vat of liquid polymer resin.

Rival companies have different solutions such as "instant slice curing" from the Israeli-US supplier Cubital, and laminated object manufacturing from Helisys in California. Several other companies, mainly US, are working on their own approaches.

The process has already proved its worth, says Fedchenko. Weeks have been saved producing prototypes that can be discussed, looked at and handled by the product development team. The prototype can also be used as a strategic marketing tool. Logitech, the computer mouse producer, used rapid prototyping to produce a mouse in 10 days for a meeting with IBM, he says.

But, while manufacturing industry has shown a lot of interest in rapid prototyping, some potential users have been waiting until it is possible to produce a metal part by rapid prototyping. Once a cast metal part is produced, it can be subjected to stress analysis, wind tunnel testing and other tests necessary before production – none of which can be carried out on a polymer prototype.

This has become something of a holy grail for the rapid prototyping industry, because the current method of casting a metal prototype can take several months. It involves machining hard tooling from metal to produce wax patterns, which can then be cast using the traditional "lost wax" process.

Unfortunately this investment casting process – "investing" the pattern in a slurry, heating to produce a ceramic mould and burn off the wax, then pouring molten metal into the mould – does not work with 3D's normal polymer prototypes. They expand with the heat, cracking the mould.

Fedchenko says 3D has now solved the problem. Its QuickCast process produces a part with a complex internal triangular gridwork, which allows the part to collapse into itself during heating, leaving the mould undamaged.

The gridwork reduces the weight of the prototype by two-thirds, leaving a much smaller residue of ash which can be sucked out of the mould with compressed air. A new type of epoxy resin, developed by 3D and Ciba-Geigy, has replaced the acrylate resin used previously. This has increased accuracy by 100 per cent, says Fedchenko, and produced a much smoother finish that does not need to be sanded and polished.

The result is a very accurate metal prototype which can be produced some three to four weeks after a Cad design is completed, compared with an average of 18-20 weeks using wax patterns.

On more complicated parts, significant sums of money can be saved as well as time.

At last month's World Conference on Investment Casting in London, 3D was exhibiting an aero-engine front frame prototype made by a division of Allied-Signal, which saved $100,000 (£67,000) and 44 weeks using QuickCast. Other rapid prototyping companies are working on producing metal parts, but 3D's advantage is its installed base of some 350 prototyping machines worldwide. The fastest 3D machines with the biggest vats could cost as much as £400,000 in the UK, and 3D is offering QuickCast as an £8,000 software add-on, excluding the cost of the new resin.

But, says Fedchenko, rapid payback is not in itself a sufficient justification for investing in rapid prototyping. "You have to have a compelling need. The message is: does it give you a competitive advantage by getting you to market quicker?"

Fedchenko believes the world rapid prototyping market could double over the next two years from $45m-$50m because of QuickCast. 3D is targeting foundries, traditional tool and die shops and rapid prototyping service bureaux and manufacturing industry from aerospace to medical implant producers.

And the next stage? 3D is working on adapting its technology to produce the dies used in injection moulding machines. Further development is required, says Fedchenko, but "rapid manufacturing" is on the horizon.

High-tech as a country pursuit

Britain's rural areas increased their high-technology employment during the 1980s at the expense of urban centres, according to a study which pours cold water on notions that high-tech industries in the UK have the potential to become big employers.

The report by Bernard Fingleton of the Department of Land Economy at Cambridge University underlines how cities often provide an unsuitable environment for modern manufacturing. This is partly on the basis that many companies in this activity employ large numbers of highly paid workers in scientific disciplines who prefer living in the countryside.

Another factor is that high-tech companies – in sectors including pharmaceuticals, aerospace, electronics, optical technology and high-value plastics – often require specialised, low-cost manufacturing and research buildings which may be hard to find in urban areas.

The report says that only three, predominantly rural, UK regions increased job numbers in high-tech fields in the 1984-89 period. The areas are Wales, Yorkshire & Humberside and south-west England.

Other regions, including the conurbations of Greater London and West Midlands, saw large falls in employment in technology-based industries.

Between 1984 and 1989, numbers employed in this field fell by a greater amount than in manufacturing as a whole, while total employment, including services, rose due to the general economic expansion of that period.

High-tech industries in the UK excluding Northern Ireland employed 782,000 people in 1989, 5.3 per cent down on the 826,000 five years earlier. Over the same period, the numbers in all types of manufacturing fell by 3.9 per cent, to 5.2m from 5.4m. During the five years, UK employment, generally, rose by 6.9 per cent.

Behind the fall in high-tech employment is thought to be the large increases in productivity in these industries during the 1980s. Other factors were severe international competition and poor innovation in Britain. These aspects may limit the degree to which high-tech industry can expand in the UK in the 1990s.

Specific factors pushing down high-tech employment in London and the south-east may have included the economic overheating of the late 1980s. This increased labour costs and rents at a particularly high rate in southern England, forcing expanding companies to move to other parts of Britain.

Wales was a beneficiary of this process, the study says. Efforts, especially by the Welsh Development Agency, to attract high-tech companies helped to increase employment in this field nearly 50 per cent over the period, to just over 42,000 people.

During the 1980s, other mainly rural parts of Britain increased high-tech employment, partly because of the attractions to many small companies of working in the countryside.

Yorkshire and Humberside increased high-tech employment 24 per cent while the comparable figure for the south-west was 4 per cent.

Greater London and West Midlands suffered a fall in the number of high-tech jobs of 31.1 per cent and 15.7 per cent respectively.

In spite of a 6.3 per cent fall in employment in high-tech during the period in south-east England (not including Greater London) this region by the end of the 1980s continued to account for easily the greatest proportion of workers in this field.

High-tech employees in the south-east compared with the overall technology workforce stayed constant at about 28 per cent during the period.

The south-east has for many years had a high proportion of high-tech employees in its total workforce, partly because of the presence of big research centres in areas such as drugs, aerospace and electronics.

Ominously, the study says it is difficult to envisage employment in high-tech industries expanding much in the 1990s. In 1989, this accounted for only 3.5 per cent of all UK employees and 15 per cent of manufacturing jobs.

UK high-technology employment

Region	1984	1989	+ or − per cent
South East (exc. G London)	236,583	221,660	-6.3
Greater London	95,889	66,130	-31.1
E Anglia	21,338	19,787	-7.3
South West	79,068	82,480	+4.3
W Midlands	71,268	60,089	-15.7
E Midlands	59,018	57,543	-2.5
Yorks & Humberside	29,356	36,404	+24.0
North West	101,168	98,721	-2.9
North	40,919	37,711	-7.9
Wales	27,974	41,277	+47.6
Scotland	63,489	60,317	-5.0
Total	826,000	782,000	-5.3

Source: Department of Land Economy, Cambridge

'The location of high-technology manufacturing in Great Britain: Changes in the late 1980s', Bernard Fingleton, Department of Land Economy, Cambridge University, 19 Silver Street, Cambridge CB3 9EP.

Peter Marsh

PEOPLE

Davies takes on another chair

Michael Davies, deputy chairman of TI and a director of British Airways, is taking over as non-executive chairman of Simon Engineering. Sir Philip Foreman, who has turned 70, had been serving as interim chairman for the past three months following the sudden death of the previous chairman Roy Roberts. He stays on as deputy chairman.

Simon has been hard hit by the recession. At the annual meeting in May, Sir Philip forecast a loss for the first half of this year and revealed the company would then be in breach of one of its banking covenants, which knocked 25 per cent off the value of the shares in a day.

Davies, who would not be drawn on how he will help restore the flagging fortunes of "one of the UK's longest established engineering companies" said that his arrival "did not necessarily mean anything" as regards the position of chief executive Brian Kemp, who joined in 1989.

Davies, 59, admits he has recently been spending a good deal of his time at BA, where all the non-executive directors have been drawn in to the wranglings over the Virgin "dirty tricks" affair. But he is adamant that he has time for another post in addition to the four other chairmanships, including that of Calor, which he maintains on top of the BA and TI commitments. "I enjoy business," he says, adding only that "over time I do change my portfolio". Those changes are, however, not likely to include BA in the near future, as this week he was re-elected to the board, on which he has sat since 1983.

Departures

- Sir Richard Trant has retired from the board of HUNTING but remains chairman of the defence division.
- John Parsons, chief executive of Darchem, has left the company following the disposal of its UK contracting division by WILLIAM BAIRD.
- Peter Wright has resigned from SERIF.
- Michael Fort, formerly md of Pronuptia Youngs, has resigned from CUPID.
- Adrian Gregory, deputy chairman, has retired from WILLIS CORROON GROUP.
- David Gore has resigned from TRITON EUROPE.
- Allan Robertson is retiring from NCR.

Robin Leigh-Pemberton, who stepped down as governor of the Bank of England at the end of last month, has picked up his first outside directorship and a new title.

The former governor, who was given a life peerage in the Queen's birthday honours list, took the title Lord Kingsdown yesterday and was also appointed a director of the Basle-based Bank for International Settlements, the central bankers' bank.

The appointment was less surprising than the title. The governor of the Bank of England always sits on the BIS board and the tradition is that the ex-governor is the second British director. Until yesterday Lord Richardson of Duntisbourne, head of the Bank of England between 1973 and 1983, had been the second British director on the BIS board.

The choice of title was less straightforward. The ex-governor has strong ties with Kent. He has been Lord Lieutenant since 1982. However, although his home is in Kent (right), he does not live in either of the county's two Kingsdowns. Instead he has taken the title of a great, great grandfather, Thomas Pemberton, a successful lawyer who was made a peer by Queen Victoria, but died childless.

- Andrew Mitchell, company *secretary of Stakis, has been* appointed company secretary of SCOTTISHPOWER following the early retirement of Graham Watt.
- Jeremy Poole has been appointed the first director of AAH PHARMACEUTICALS' Hospital Service; he moves from Fisons pharmaceutical division.
- Peter Robson, md of Bonar Cooke Cartons, has been appointed md of LOW & BONAR's enlarged carton division following the acquisition of CMB Cartons.
- John Anderson, formerly senior vice president of Life Sciences Inc, has been appointed president and md of COSTAIN Life Sciences.
- Michael Lee, chief executive of Airtours International, is appointed to the main AIRTOURS board.

- Alan Palmer (above left), marketing director of Trebor Bassett, has been appointed marketing director of CADBURY. He succeeds John Taylor who is appointed md of Trebor Bassett and is succeeded by Bruce Burnett, who is promoted from general market manager.
- Colin Ingram (above right), formerly chief engineer on the Renault/DAF vans project, has been appointed md of PERKINS Technology; he began his career as a graduate trainee with Perkins.
- John Ackroyd has been appointed md of SUTER Equipment.
- Simon Gifford, group investments director, has been appointed company secretary of TATE & LYLE in succession to Nicholas Nightingale.
- Bob Armstrong, personnel director for NORTH WEST WATER, has been appointed to the new position of customer services director.
- Rainer Hemmann, md of KWO Kabel in Berlin, has been appointed to the board of BICC CABLES.
- Tony Carey, chief executive of St George, has been appointed to the parent board of the BERKELEY GROUP.
- Brian Jolly, md of Capital & Counties, has been appointed to the parent board of TRANSATLANTIC HOLDINGS.

ARTS

Opera/Max Loppert

Onegin proves a musical masterpiece

The Royal Opera's new Tchaikovsky production affords, in purely musical terms, one of the most distinguished performances to be mounted in the house in many a season. When given by ragbag assortments of singers from here, there and everywhere, parrotting the so-called original language while surtitles flash away above their heads, International Opera can be a dismal, unworthy business. When given as here – by a carefully chosen cast of principals uttering a language either native to them or communicatively "lived", and a conductor intuitively alert to every strand of musical drama – it can seem the noblest of artistic pursuits, worth battling for even in the hardest of hard times.

This is an *Onegin* musically structured to make fully-weighted sense of the work in a theatre that is, strictly speaking, several sizes too large. (Tchaikovsky had the work first performed by *students* at the Moscow Conservatory.) The bigger the house, the greater the danger of coarsening and blunting the delicate detail of this most intimately affecting of operatic tragedies. (Tchaikovsky purposely underlined its divergences *from the forms* and manners of Grand Opera by subtitling the work "Lyric Scenes".)

The conductor of the new production is Valery Gergiev, fiery young chief of the Kirov Opera. He is making his Covent Garden debut, and perhaps has still to find his ease there: *on Tuesday the early* scenes betrayed passing imbalances in the choral ensemble. In essence, however, Gergiev's *Onegin* is already one of the most impassioned, vivid and spontaneously emotional we have heard: it is properly scaled for Covent Garden yet not overbearing, grand with no loss of orchestral and vocal immediacy. The sound is always beautiful, animated (as it were) from within, shaped along the dramatic lines with a keenness of perception that marries instinct and iron command.

Gergiev takes chances. The domestic, countryfied atmosphere of the opening scene, with daughters duetting in the distance and mistress and maid reminiscing in the foreground, is risked by the slow tempo; likewise M. Triquet's birthday *song, and the moment of relief it provides* amid the gathering tensions of the Larin ball. Accentuation of dance-rhythms is not at all metrically mechanical; indeed, the conductor's rubato elasticities may surprise the unwary. But even while I wondered at or where I questioned the interpretative ideas, I felt the opera's dramatic vitality surging out into the theatre. This *is opera-conducting of rare quality.*

Sergey Leiferkus (Onegin), Galina Gorchakova (Tatyana) and the Armenian Gegam Grigorian (Lensky) are members or associates of Gergiev's Kirov ensemble. The sense of singers supported from the pit, not merely accompanied, *is another of* the performance's special virtues. The baritone, a *house favourite, is at his peak* of eloquent, fine-grained artistry. Every inflection tells. A non-Russian speaker gains the illusion of understanding every word as it leaves his lips. He never loses the air of breeding that is Onegin's distinguishing mark; even in disintegration he avoids melodramatic overstatement.

The soprano, who burst upon London audiences with tidal-wave force in *The Fiery Angel*, at the Proms and at Covent Garden, *is possibly the most opulent*, lustrously full-toned Tatyana in living memory: again, truly Covent Garden-sized without being oversized. She does not always shape the lines or make them perfectly smooth; though physically *plausible, she is a sympathetic rather than* an original, inventive actress. What she *offers is a restrained, ravishing account of* the role, and in context wonderfully appropriate.

Grigorian, a small, rotund Lensky with a vibrant, technically free tenor and a heart-breaking openness of emotional expression, is all feeling – the over-abundance of happiness in the Act 1 aria, beautifully caught in the timbre and phrasing (and sustained in the conducting), sends out subtle, alarming *warning signals. It is satisfying to see and* hear Louise Winter (a delightfully spirited Olga), Sarah Walker (Filipyevna) and Gillian Knight (Mme Larin) keeping pace with such idiomatic artistry; and as Gremin it is peculiarly moving to see and hear again Nicolai Ghiaurov, no longer a *basso cantante* in full flood but a 63-year-old veteran wise, colourful and full of tender vocal touches.

A triumphant Royal Opera *Onegin* all round? No: the production – by John Cox in Timothy O'Brien's designs – is plain to the eye, cautiously tactful, blandly *second-rate. No big mistakes are made* (which, when one considers how easy it is *to go wrong in this opera – cf.* Howard Davies's recent, mistake-riddled *Onegin* staging for Welsh National – is a merciful relief). Nothing gets in the way of the music. For many ROH patrons this may be sufficient. With this conductor and cast, it deserves to be. But the replacement of the old Julia Trevelyan Oman sets and costumes seems unjustified.

Royal Opera House: in repertory until *July 24; production sponsored by The* Drogheda Circle.

London Theatre

Youth and reverence

Like babies to the font, the three severely disabled youths were carried reverentially to the front of the stage and laid on cushions. They were dressed in kimonos and greeted with oriental music. *Their attendants wafted* Japanese fans over them; the youths stared wide eyed with joy. One screeched his pleasure. There was nothing patronising about the tableau: it was one of the most moving *examples of reverence for life* observed on a stage.

And this was no prefabricated platform in a community arts centre. This was the Olivier at the National Thetre in London. The participants came from the Harlow College Community Arts group, which involves *more than* 30 under-19-year-olds, ranging from the able bodied to the most afflicted. They were presenting *Tower of Dreams*, which through music, movement, and spectacle, makes the case for *the disabled to be allowed on* to the raft of life, represented as a fairground carousel.

It was part of the 1993 Lloyds Bank Theatre Challenge, the last such Challenge. After five years and £1.2m, this invest*ment in youth theatre has* ended. However, the National is already planning another programme involving youth and is seeking a sponsor.

A great attraction of the Challenge is that the 10 groups *which this year* caught the judge's eye from over 250 entries get the chance to strut for an hour on the UK's most prestigious stage. The three-night festival lets an audience see not so much new acting talent as the issues *that excite* youth. Rather than take a received text, most of the contributions this year were devised within the companies.

It is an inspiring experience and one which dispels doubts about the importance of theatre in education. Of course there is *an abundance of* youthful worthiness and idealism on display, but also a great deal of fun. The level of acting assurance is amazing, almost frighteningly so. At the opening night on Tuesday the Har*low spectacle contrasted with* the contributions of Redbridge College Performance Art Group and Burnley Youth Theatre which were both built around issues. There is something galvanising about plays involving teenagers which are devised and performed by teen*agers: the language is so much* more credible than the second-hand observations of older "realist" playwrights.

Both works were loosely *structured, with ideas* running way beyond anything so obvious as a plot, and they were inevitably a bit didactic. But from Burnley, along with frighteningly confident performances, there was wit and good nature and the ability to take a serious issue, contracep*tion, light* heartedly. There was even room for romance, even *if did lead to divorce.*

Redbridge was an ensemble work, using mime and music to put over the dispiriting message than men are bastards. *Perhaps the girls do not really believe it*; perhaps they have *been watching too much* television. But it was enthusiastically performed and had the saddest of endings. Sandy Toksvig, the evening's presenter, announced that this would be Redbridge's last performance. It was the victim of local authority spending cuts, an unwelcome *reminder of* cruel and blinkered reality on an uplifting evening.

There are three more playlets tonight. Try and get a scarce ticket.

Antony Thorncroft

Angst in America

At first sight, *Marvin's Room* offers little to *laugh at. It is a drama* about leukaemia written by Scott McPherson, who died of Aids at 33 last year. But this fine American play, now at the Hampstead Theatre, can be extremely funny. It also *enhances the Theatre's* growing expertise in north American drama.

It tells the story of Bessie, a middle-aged Floridian pushed to the side of her own life by her father's stroke and her aunt's general malaise. Then Bessie discovers she has leukaemia; *her estranged sister* Lee is summoned from Ohio, with her sons Hank (an institutionalised psychotic) and Charlie (an intractable nerd), in hopes of a bone marrow transplant. At this point, the play is poised to become a *1990s chro*mosome comedy. But the play's outcome is dislocated and truncated, a botched autopsy. In the end, none of Bessie's family can donate bone marrow; *Marvin*, Bessie's *father, continues* to twitch in the room at the back of the stage; and the greatest wisdom the play can offer, in its final *lines, is "There's nothing to* be afraid of."

The early Florida medical scenes are, however, a treat: "I am going to give you a local anaesthetic, and I am going to remove some bone marrow *from your* hip . . . There may be a crunching sound, but it sounds worse than *it is, OK?*" oozes Dr Wally.

Bessie has a seizure during the family trip to Disney World. She comes round in the *Lost* Children Hut on a "baby bear" bed, where she finds a *moment of rare sororal intimacy*, and also connects with Hank for the first time.

David Petrarca's direction, wonderfully punctuated by Rob Milburn's pastiche musical arrangements (played by *Cafe Noire*), addresses the fact that McPherson's scenes never *complete themselves. They* border on the truth, never *reaching it. Intimacies are* shared through things, a soda, a photograph, or Lee offering to style her sister's wig.

Alison Steadman plays Bessie superbly as a model of misapplied devotion opposite the *excellent Phyllis Logan as her* hard-as-nails sister Lee. They have a fine, contrasting rapport, with Steadman slightly frumpy and Logan slightly tarty but never resorting to stereotypes. Carmel McSharry as the aunt dosing up on multivitamins and daytime soaps *manages to assemble a charac*ter out of the traits written for her. Ian Gelder as Dr Wally is developing his accomplished playing of Americans, and is a joy to watch.

The play has an unsettling *effect, somewhere losing con*trol of itself and heading into chaos. *Its message is a muted* version of the 1980s clarion call "You are where you are because you want to be there." As Bessie learns the hopelessness of her own illness, she backs into her father's room to *die with him.* Neither has much choice.

Hampstead Theatre, Swiss Cottage, NW3 (071 722 9301).

Andrew St George

Cinema

Spielberg's twin-headed monster

Here it is and was it worth the wait? *When you tell* someone you have seen *Jurassic Park*, back flies the mach-2 question: "What's it like?" This never means what it should mean – "What does it resemble?" – but "Is it good/is it bad/will it scare the screaming daylights out of us?"

Let us take the question at *first value. Jurassic Park is* like *Jaws* meets *Westworld*. (Steven Spielberg, its director, made the first and Michael Crichton, its writer, wrote and directed the second). It is like a nightmare day out at the Natural History Museum. And it is like a Hollywood story conference where savage, *primeval* pitches rend the air.

"Let's have the palaeontologist hero and the two kids climb the electrified fence!" "Let's have the heroine feel a comforting arm on her shoulder and then discover it's *only* an arm!" "Let's have the velociraptors *run amok in the* Visitors Centre kitchen!" "Let's have Sir Richard Attenborough play the park's founder with a limp, a Scottish accent and a *cherubic smile." (Result:* Sir Richard resembles Ronnie Corbett gone AWOL in an H.G. Wells novel).

JURASSIC PARK (PG)
Steven Spielberg

BARAKA (PG)
Ron Fricke

CHILDREN OF NATURE
Fridrik Thor Fridriksson

Yes, but you still want to know: "What is it *like*?" Well, it is good, it is bad, and occasionally it scares the daylights out of us. What is good is the hi-tech *presumption* of the film. Crichton's novel was a *spinechiller-satire* about an ultimate act of hubris. A theme park packed with prehistoric fauna, recreated through a far-fetched (but not that far-fetched) union of DIY and DNA, mutinies against its masters. *Drawn to the theme of* techno-impudence, Steven Spielberg makes a *movie* that is all techno-impudence. *Jurassic Park* spreads its banquet of gewgaws, gizmoes and breakthrough graphics before us, condemning previous dinosaur films to cinematic prehistory.

*Computer imaging and state-*of-art modelwork ensure that when *Tyrannosaurus* Rex growls into frame to terrify Dr Sam Neill and the two children

Jaws, and more: the monsters in Jurassic Park are the real stars

he is escorting on an ill-fated *preview tour of the park*, the said T. Rex is a glistening, roaring, tail-thrashing mother of all monsters with no hint of stop-motion jerk.

In fact no signs anywhere of the old clockwork epilepsy we knew and half-loved in *Gorgo* and *Godzilla*. Not in the 'raptors and iguanadons; nor in the gentle triceratops tended by "palaeo-botanist" Laura Dern; nor in the puff-necked "spitter" that disposes of the villainous Dennis (Wayne Knight), a park boffin who runs straight into *death while smuggling stolen* embryos to a waiting boat.

But if the monsters have evolved beyond stop-motion, the human characters are a different story. Stereotypes made to fit a game-plan, they stand about striking prescribed attitudes and between shots make *small adjustments of gesture to* present a fresh facet of the same cliche. The palaeontologist must spout sandblown wisdom. The Chaos Theory scientist (Jeff Goldblum with Chaos Theory hair and scat speech-patterns) must burble about things unravelling. And the *lady botanist must rail against* sexist notions of female weakness one moment, scream like Fay Wray the next.

In *Jaws* Spielberg painted an entire, convincing New England community behind and around the foreground monster. And in *Close Encounters Of The Third Kind* he gave a messianic madness to the hero's love affair with the cosmic-impossible. But in *Jurassic Park* the characters are prisoners of a theme park just like the dinosaurs. *Only* their theme park is called Hollywood and their inventor-orchestrator is the box-office. Lowest-denominator thinking means that each character represents a big, bland constituency for *audience identification, from* the all-purpose egghead sceptic (Goldblum) to the all-purpose damsel in distress mildly fuzzed by feminism (Dern).

Only the actor saddled with the largest burden of cliches, Sir R. Attenborough, almost succeeds in throwing them off. *Ever since he vanished behind* a movie camera, fans of Sir Dickie the actor have been crying for him to come forth again. He is marvellous in *Jurassic Park*. Hammond, the park's founder, could have been a melodramatic cipher: a science-tampering scoundrel *out of Fritz Lang by Dr No.* But Attenborough gives him a foolish charm, a sing-song passion, even a wistful pain. (Listen to the pure emotion he finds in a tinselly speech about his flea-circus past).

Elsewhere, the flimsiness of the people undoes even the ferocity of the beasts. And Spielberg – the Spielberg of *ET* rather than *Jaws* – is not above making the monsters cuddly when there is a pause in the ravening. For cuddlification comes with the territory: all those covetable tie-in models, toys, games, T-shirts, gum-wrappers . . .

A Chaos Theory terror movie may be the promise, but in *Jurassic Park* cosiness is *always just around the corner.* As a lexicogapher friend pointed out, what you *really* get when you extract DNA from dinosaurs is the word "souris." *Jurassic Park* is a mouse with pretensions. But such is the power of hype that no one will notice until – only *$100m to go – it has become* the highest-earning film ever made.

Nigel Andrews

Baraka is a film based upon the problematical notion that cinematic silence equals importance. *Subtitled "A World* Beyond Words," Ron Fricke's *film is a 90-minute* non-verbal collage of imagery that attempts to show the inter*connectedness of* life on the planet. Starting with a snow monkey *dozing off in a hot* spring, Fricke's film quickly goes cosmic, presenting the viewer with a dizzying array of visual takes of smoldering volcanoes, surging city crowds, traditional religious ceremonies and clouds pouring over Himalayan mountaintops.

Occasionally, this method provides memorable sequences, such as the montage comparing assembly line work throughout the world that ends with the truly unsettling sight of live chicks tumbling down a stainless steel shoot on the way to *becoming inmates at the egg* factory. And when Fricke's 70mm camera zooms in on small details – an Aboriginal man using a plastic comb to paint his face, for instance – he comes close to making his point. But the film eventually collapses under its own portentousness, *particularly during* a trip to Auschwitz. At times beautiful and arresting, *Baraka* is ultimately little more than a stylised exercise in global channel-hopping.

One of the few countries Fricke does not visit is Iceland. Given the starkly beautiful landscape *of that country on* view in *Children of Nature*, you cannot help but feel he has missed something. Fridrik Thor Fridriksson's heartfelt second film details the last days of an elderly widower (Gisli Halldorsson) who abandons his farm for Reykjavik, only to have his daughter pack him off to an old folk's home. There, he meets a childhood sweetheart (Sigridur Hagalin), a proud and beautiful septuagenarian who wants to visit her birthplace on the island's desolate eastern region before dying. Their romance rekindles and, *equipped with a stolen* jeep, they set off across Ice*land, followed by the police.*

Writer/director Fridriksson has fashioned a subtle, sometimes moving film about people who will not go gently into the Arctic night. Lovingly photographed and well acted, *Children of Nature avoids casting* the elderly as cute curmudgeons. However, Fridriksson fails to strike a consistent emotional tone, moving too abruptly from unrelieved gloom to fantastical whimsy. And the film's subtitles are replete with enough misspell*ings to keep the eye from fully* enjoying those bleakly beautiful Icelandic vistas.

Stephen Amidon

INTERNATIONAL ARTS GUIDE

■ BATIGNANO

Adam Pollock's intimate, outdoor opera festival, Musica Nel Chiostro, opens on July 22 with the first of three performances of Le Disgrazie d'Amore by Antonio Cesti (1667), *followed in early* August by six performances of Bernstein's Candide. Ends Aug 15 (0564-38096)

■ BREGENZ

The opera festival on the Austrian corner of *Lake Constance* to solidify its connection with front-rank British producers. *Jonathan Miller's new staging of* Fedora opens this year's festival next Tues, with Mara Zampieri in the *title role*. David Pountney produces Nabucco on the floating stage. Ends Aug 22 (05574-4920 224)

■ DROTTNINGHOLM

Elisabeth Söderström, much-loved Swedish soprano, has taken over as artistic director of the world's most important *18th century* theatre still in action. This year's operas include *Una cosa rara* by Mozart's Spanish contemporary Vicente Martin Y Soler (conducted by Nicholas McGegan) and Grétry's beautiful Zémire et Azore (staged by John Cox). Ends Sep 4 (08-660 8225)

■ EDINBURGH

This year's festival (Aug 15-Sep 4) *includes performances of* Janacek's first opera Sarka and three Verdi operas (Oberto, I Due Foscari, Falstaff), an exhaustive survey of the work of young Scottish composer James MacMillan, and several Schubert recitals. The drama *programme* includes Peter Stein's 1992 Salzburg Festival production of *Shakespeare's Julius Caesar*, a modern Aeschylus production by Peter Sellars, and the Bob Wilson/Gertrude Stein theatre piece Dr Faustus Lights the Lights. The dance programme is limited to Mark Morris' troupe and the Bill T.Jones *troupe. Official Festival:* telephone bookings 031-225 5756.

■ KUHMO

To this tiny Finnish town below the Arctic Circle and just west of the *Russian border, distinguished* and newly-acclaimed European and American ensembles and *soloists come* to provide up to five concerts daily, besides giving masterclasses. *What makes the festival continually* exciting is that so much of it consists of fine performers who *have just* had a few days to rehearse together. Chances are taken, *spur-of-the-moment* insights flashed. The atmosphere, amid all the lakes and pines, is blessedly *informal. This year* (July 16-Aug 1) several leading British musicians *figure, and there are song recitals*, Japanese concerts, the Maly Ballet and some chamber opera (086-520936)

■ LUCERNE

This year's programme, opening on Aug 14, focuses on anniversary celebrations of Tchaikovsky and Rachmaninov, with Alfred Schnittke *as the festival's first-ever composer* in residence. Visitors from Russia include the *Bolshoy Opera Orchestra* and Chorus, the St Petersburg Capella Choir and Russian National Orchestra with Mikhail Pletnev. There will be a Rachmaninov piano *marathon* with Barry Douglas and others, the world premiere of a new work by Edison Denisov and a Schnittke ballet programme. Visiting orchestras include the Berlin, Vienna and Oslo Philharmonics, with artists ranging from Yuri Bashmet to Abbado, Barenboim, Järvi and Sawallisch. Ends Sep 8 (041-235272)

■ MACERATA

The festival opens tonight with Rigoletto, starring Renato Bruson. This year's other productions are *a Josef Svoboda staging of* Lucia di Lammermoor with Valeria Esposito, and Le nozze di Figaro conducted by Gustav Kuhn. Ends Aug 11 (0733-230735)

■ OSLO

Norwegian violinist Arve Tellefsen, founder-director of the Oslo *Chamber Music Festival* (Aug 6-14), has drawn together friends and colleagues for an attractive *anniversary tribute* to Grieg, his contemporaries and compatriots. Artists appearing *at the festival* include Swedish baritone Hakan Hagegard, Jan Garbarek Jazz Quartet, Nordic Youth Orchestra, Norwegian cellist Truls Mork and pianist Tedd Joselson. Three festival concerts take place in Bergen, for which a special train has been chartered to take the audience *through the scenery* which was Grieg's inspiration (2255 2553)

■ PESARO

The Rossini opera festival opens on Aug 9 with the first of four performances of Armida, staged by Luca Ronconi and conducted by Daniele Gatti, with a cast led by Anna Caterina Antonacci, Ramon Vargas and Jeffrey Francis. This year's other production is a revival of the Pizzi staging of Maometto II starring Cecilia Gasdia. Raina Kabaivanska sings arias by Gluck, Rossini and Cherubini on Aug 18, and Maurizio Pollini gives a piano *recital on Aug 21.*
Ends Aug 22 (0721-33184)

■ SALZBURG

Gerard Mortier's second festival, opening on July 23, will be less of an explosion than last year, but the programme is still bursting with good ideas. Deborah Warner stages *Shakespeare's Coriolanus* alongside a revival of Peter Stein's 1992 production of Julius Caesar. This year's new opera productions are Cosi fan tutte (with Cecilia Bartoli *and Jennifer Larmore*), Lucio Silla (with Ann Murray and Luba Orgonasova) and Monteverdi's Poppea (with Sylvia McNair and Philip Langridge). Revivals include *Salome (Bondy/Dohnanyi, with* Catherine Malfitano and Bryn Terfel) and Falstaff (Ronconi/Solti, with José van Dam). There are concert performances of Dallapiccola's Ulisse and Nono's Prometeo. Despite the increase of contemporary music at the festival, Salzburg's luxury element continues *with a parade of top-class* orchestras, conductors and soloists, *including the Berlin Philharmonic* with Abbado, the Oslo Philharmonic *with Jansons and Vienna* Philharmonic under Maazel, Ozawa and Levine. Riccardo Muti's only appearances this year will be to conduct two Jessye Norman concerts on Aug 2 and 3. A notable occasion will be the farewell concert *on Aug 9 of Christa Ludwig, one* of the best-loved of Salzburg veterans. Ends Aug 31 (0662-844501)

■ SAVONLINNA

No one who visits Finland's premier summer festival can fail to be *impressed by the stone castle* courtyard in which it takes place. Poised on the edge of a lake, Olaf's Castle (Olavinlinna) is one of the world's outstanding outdoor locations for opera. *The festival* opened two weeks ago with Macbeth, conducted by Leif Segerstam and staged by Ralf Langbacka, with festival director Jorma Hynninen *in the title role (final* performances tomorrow and next Tues). Fidelio (tonight and Sat) is staged by August Everding and conducted by Miguel Gomez Martinez, with a cast led by Renate Behle, Tom Krause and Matti Salminen. Lithuanian Opera and *Ballet Theatre brings Nabucco (first* night July 21) and Lucia di Lammermoor (July 22). Kaisa Hannula is soloist in Poulenc's La voix humaine at Savonlinna Church Centre tomorrow and Sun. Ends July 27 (057-514700)

■ TANGLEWOOD

For more than 50 years, the Boston *Symphony Orchestra's summer* home has provided a relaxed setting for concerts in the heart of the Massachusetts countryside. Tonight: recital by Beaux Arts Trio. Tomorrow: Yuri Temirkanov conducts a Russian programme, with piano soloist John Browning. Sat: Robert Spano conducts *Stravinsky and Tchaikovsky, with* piano soloist Peter Serkin. Sun *afternoon:* Seiji Ozawa conducts Dvorak and Tchaikovsky, with violin soloist Itzhak Perlman. In the following two weeks, John Eliot Gardiner conducts Beethoven and Berlioz, Sergei Leiferkus and Galina Gorchakova give a Russian song *recital* and Roger Norrington conducts Beethoven's Missa Solemnis. Ends Aug 31 (Ticketmaster Boston 617-931 2000 New York City 212-3077171)

■ VADSTEJNA

Vadstejna's annual opera festival continues its exploration of forgotten works *from the past* with Stradella's Il Trespulo tutore (1679) and Paer's I molinari (1794). Till Aug 11 (Tickets 0143-19400 Information from 0143-12229)

ARTS GUIDE

***Monday:** Performing arts* guide city by city.
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***Wednesday:** Festivals* Guide.
Thursday: Festivals Guide.
Friday: Exhibitions Guide.

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Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today *0730; 2230*
Sky News: Financial Times Reports *0530*
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: *West of Moscow* 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Better in the black than clean and green

BOOK REVIEW

ENVIRONMENTAL PROFILES OF EUROPEAN BUSINESS
By Dion Vaughan and Craig Mickle
Royal Institute of International Affairs and Earthscan £15. 107pp

Moments of candour are rare when the environment is on the business agenda. I experienced one last year when asking the manager of a large UK oil refinery what benefits he got from investing in green technology. He answered: "Absolutely none."

It made a refreshing change from the platitudes about getting ahead and doing one's bit for Mother Earth which businessmen feel compelled to utter on such occasions. But even this direct response was little help in plumbing the murky depths of business attitudes towards the environment. It is a subject rich in complexity, laced with emotion, tinged with fear – one where clear and honest thinking is notable for its scarcity.

This book is an attempt to shine some light through the murk – at least so far as European business is concerned. It is only partially successful because the light is frustratingly patchy. But it does pick out the main features, and it gives readers a reassuring sense that what they are glimpsing bears some resemblance to the truth.

The frustrating part is the anonymity given to the companies which are the subject of the book. This, the authors tell us without a trace of irony, was to allow the interviewees "to define corporate positions clearly". In itself, this tells us a lot about those positions: they are highly sensitive – and probably embarrassing as well.

The book is a straight piece of research insofar as its authors, working under the aegis of the Energy and Environmental Programme of Chatham House, have collated the responses to questionnaires sent to 55 companies in France, Germany, Italy, Benelux and the UK, representing the automotive, metal processing, petrochemical, power generation and steel industries. The questionnaires asked them how important the environment was, where the pressures lay, how they dealt with them, where they saw environmental issues heading, and so on.

The questions boil down to whether companies have any kind of policy on the environment. The chapter on the auto industry lays out what must be a fairly widespread view: "Although all companies consider the environment an important corporate priority, most clearly consider profitability more important. Analysis of the responses suggests that few companies have a strategic plan to generate additional profitability from their environmental positioning and expenditure."

In other words, they do not associate the environment with profit-making. In the steel industry, environment ranked behind profitability, health and safety, and none of the companies interviewed had a main board director with sole responsibility for it. However, the survey did find a more advanced (if that is the right word) attitude in the chemical industry, where companies "see their role as optimising value added ... to raw materials through manufacturing. Environmental management is now a very important input to this process: polluting wastes are seen as unused resources." Here, the environment is forcing companies to make fuller use of their materials.

Many companies seem to see these issues as fads embraced by a fickle public

The chemical industry and the electric utilities emerge from the study as the sectors most deeply engaged in environmental issues, probably because of the strength of outside pressures, such as the carbon tax proposal and concern about acid rain.

But for the utilities, the environment is a damage limitation exercise: the opportunities to gear up environmental spending are few. By contrast, the auto industry ought to see the environment as a challenge to respond to rising emission standards and excise taxes to develop new vehicles. But the study comments: "What is surprising, however, is that only some automotive companies take this view. The rest react to, but do not seek to exploit or pre-empt, consumer demand for environmentally friendly products which at the moment appears somewhat artificial."

Why does business take such a reactive, even passive, stance? The respondents give a number of reasons: uncertainty about future legislation, the poor financial returns from environmental investment, and the lack of strong customer pressure. Notice, though, that these are all extraneous factors.

Might the explanation also lie in the attitude of business itself? Two components of that attitude come through clearly. One is a narrow perception of the environment as a requirement to limit harmful emissions or make safe products, rather than as a broader concept representing a scale of values. The other is a lack of conviction that many environmental issues are genuine; many companies seem to see them as fads embraced by a fickle public – and exploited by press and politicians.

These are sweeping statements, of course. They do not apply equally to all industries, and they only contribute to the way people think. But my candid oil refinery manager would recognise them straight away.

The green lobby may seize on this study as confirmation of industry's minimalist approach to the environment. But that is not the real message. The findings depict businessmen who are primarily – and rightly – concerned with making a profit within the confines of the law, but who are confused by the buffeting of environmental pressures. The authors are probably right to conclude that nothing much will change without clear-sighted legislation, and a public that is willing to pay premium prices for environmentally friendly products.

David Lascelles

Lobbying not worth a button

Andrew Taylor looks at UK government plans to prune its contacts with trade associations

The British Button Manufacturers Association was formed in 1915 when the country's clothing manufacturers were still a force to be reckoned with. Today, the association shares its headquarters with the *Buckinghamshire* home of its secretary, Mrs Patricia Smith.

Its membership has fallen to 14 companies, from about 160 at the end of the second world war, but it still expects to have occasional meetings with senior government officials on issues that affect European and world button markets. Hundreds of other UK trade associations, large and small, have similar aspirations.

However, Mr Michael Heseltine, trade and industry secretary, wants to restrict their access, concentrating ministerial and civil servants' time on a smaller number of "better resourced, more powerful" lead associations in each industrial sector. His aim, announced in a recent speech to the Confederation of British Industry, is to improve the quality of industrial lobbying in Whitehall and Brussels.

The principal role of trade organisations is to lobby government on legislation and likely policy changes that could affect the way in which their member companies operate. Mr Heseltine believes that fewer, larger groups would be more effective than a myriad of smaller, more narrowly focused bodies.

The prospect of losing already limited access to government dismays Mrs Smith, who is contracted by the button makers to work one morning a week – in practice, it is more – assisting with pay negotiations, dealing with correspondence, organising meetings and keeping abreast of possible legislative changes.

She says: "Recently we became concerned about European Community attempts to restrict the use of nickel, which affects button making. After much badgering we got a meeting with Department of Trade officials, but only at a very low level. We were very disappointed." The department has raised the issue in Brussels, but the proposed EC legislation remains unchanged.

By concentrating on the big picture there is a danger that issues affecting small component suppliers could be ignored, says Mrs Smith. This could have a detrimental effect on larger manufacturers which rely on small suppliers.

Ministers and government officials say they do not have enough time to see all the organisations demanding their attention. They add it can be confusing to receive conflicting messages from trade associations in the same sector.

There are about 2,000 registered trade associations in Britain, compared with 1,200 in Germany and 1,000 in France, according to Mr Chris Henderson, a director of CBD Research, which since 1965 has published a series of British and European guides to business, trade and professional organisations.

The formation and survival of so many associations is explained partly by history: the scale and diversity of Britain's industrial base spawned large numbers of trade groupings, whose members have traditionally valued their independence and who have enjoyed the club-like atmosphere of small, focused organisations.

While industry has declined, the number of associations has remained high. In the past 25 years, since CBD Research has kept records, the number has been remarkably constant, says Mr Henderson. Associations in declining industries that have merged or disappeared have been replaced by new industry bodies formed in growth areas such as electronics, he says.

But recession in the past few years has eroded individual membership numbers and trade association income – most fees are based on a member company's turnover, payroll or capital employed.

Some smaller trade associations, faced with the loss of lobbying access as well as dwindling income, are seeking loose federations where they can share resources, while others have merged with larger, more powerful organisations in the same sector.

Mergers between smaller associations have increased as the industries they represent have shrunk or rationalised.

An example of the trend is the formation of the British Engineers' Cutting Tools Association, which represents the combined forces of the Sheffield-based Milling, Cutter and Tool Bit Association, the Twist Drill and Reamer Association and the Screw Thread Tool Association. The new body will remain a member of the 50-year-old Federation of British Engineers' Tool Manufacturers which helps co-ordinate the industry's lobbying activities.

The Chemical Industries Association, singled out by Mr Heseltine as "an excellent example" of a "well-resourced lead association", acts as an umbrella organisation providing substantial lobbying assistance to other chemical trade associations trying to influence Whitehall and Brussels. It has an annual fee income of about £4m – only slightly less than the combined turnover of all 14 members of the British Button Manufacturers Association.

Mr John Cox, the association's director-general, says: "It is not enough just to respond to upcoming legislation. You have to be in permanent contact with policymakers so you can influence proposals before they are made. You have to know which members of parliament, in Westminster and Strasbourg, have influence and when you can contact them. We have to employ permanent staff to cope with this work, which smaller associations would not be able to afford."

Even large employers and trade bodies are forming links: the Confederation of British Industry and the Engineering Employers' Federation are examining ways to "collaborate more closely to improve the delivery of industry's message to government".

But co-operation between groups in Britain tends to be less centralised than in Germany, for example, where specialist interest groups are more co-ordinated within central industrial organisations. These provide a well-organised system of industrial lobbying, says Mr Henderson, as well as providing services for a range of separate product groups – in a similar fashion to the Chemical Industries Association.

The success of more centralised groups does not mean that small associations have no place in representing manufacturers' interests. "The British system tends to be more informal," says Mr Henderson. "Separate product groups in the same industry may share the same headquarters and even the same secretary, but still value their independence. This does not necessarily make them less effective.

"Associations have a lot of functions. They may help organise specific industry training, maintain links with educational bodies, assist with pay negotiations, arrange conferences and generally promote and market their industry. It would be a pity if these individual services were lost as a result of member companies moving to more broadly based organisations."

But Mr Henderson shares Mrs Smith's concern that small but important issues might slip between the cracks, damaging the interests of small industries which supply larger manufacturing interests.

It is not the first time that government has tried to rationalise its relations with industry lobbyists. The 1972 report of the Commission of Inquiry into Industrial and Commercial Representation under Lord Devlin similarly criticised duplication and confusion in trade associations competing in the same industries.

The report said: "Everybody agrees that there are too many bodies. A businessman can find himself paying out substantial sums to quite a number of different bodies without being at all clear what he gets in exchange ... He can find himself attending quite a number of different meetings at which the same subjects are being discussed."

In the critical area of representation to government, it concluded: "You can have competition of services but not competition of voices."

The commission's report was quietly forgotten and nothing changed. The Department of Trade and Industry, more than 25 years later, might be more persistent.

The associations themselves appear to be moving in the right direction. It will be up to the DTI to ensure that those small but important issues do not slip through the cracks.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Time to make the water polluters pay

From Mr Chris Smith MP.

Sir, Your editorial, "The value of clean water" (July 14), concludes that the case of Ofwat, the water regulator, "demands a political response". Quite so. Ofwat's argument is based on the false premise that the costs of cleaner water must be borne by consumers. This need not be so. The government should be regulating industries and agriculture more stringently in order to reduce the amount of pollution discharged into water courses. Prevention is better – and cheaper – than cure. Instead of this, the government is deregulating.

When pollution cannot be prevented, the polluter and not the consumer should pay to remove it from water. This is a principle to which the government pays lip-service, but fails to implement. It should do so.

The water companies will, of course, have to pay to clean up sewage out of general revenue. But even this does not necessarily mean that the consumer needs to be hit hard in the short term in the way that Ofwat predicts. The current financial regime created at the time of privatisation discourages water companies from borrowing money for long-term investment. Yet water and sewerage companies ought to find it easy to borrow for investment at reasonable rates – their business could hardly be described as high risk.

On a more symbolic level water company executives should perhaps consider whether it is wise to bleat about the cost of environmental improvements while continuing to award themselves pay increases of more than 40 per cent every year.

It is a false dichotomy to posit a choice between clean water and affordable water. We can and must have both. What is needed is a sensible, non-dogmatic approach which combines a range of options and instruments, and a demonstration of firm political will. As you imply, it is now up to the government to provide this.

Chris Smith,
shadow secretary of state for environmental protection,
House of Commons,
London SW1A 0AA

From Mr James Skinner.

Sir, In the debate about the price we must pay for clean water frequent reference is made to the cost of combating pollution caused by fertilisers and pesticides. If these costs were charged to farmers, according to the "polluter pays" principle, it would be one step towards establishing the true costs of intensive as opposed to extensive farming.

Other external costs incurred by intensive farming include massive "set-aside" costs; storage and disposal of crop surpluses; unemployment benefits; soil depletion; high energy consumption etc. If these were charged to intensive farmers, the true economics of organic farming might become more apparent, and water bills might rise more gently.

James Skinner,
Heron House,
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BT services already taken to air

From Mr Colin Browne.

Sir, As many of your readers will have discovered for themselves, BT has offered a worldwide commercial in-flight telephone service since September 1990 ("Mercury to start in-flight phone lines", July 7).

BT's Skyphone service, operated in conjunction with our partners, Singapore Telecom and Norwegian Telecom, is used by two leading airlines – Singapore Airlines and Air China. The consortium is also in detailed discussion with other airlines.

Earlier this year, BT launched the world's first global airborne fax service, again with Singapore Airlines and Air China.

BT and France Telecom are now in the final stages of implementing a dedicated, land-based pan-European digital service called Jetphone. The service is due to start in October 1993 and has the support of a number of European airlines. The system will provide "the office in the sky", as well as on-board shopping, car and hotel reservations and in-flight entertainment.

Colin Browne,
director of corporate relations,
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Private View obscures complexity of living species

From Mr Paul Munton.

Sir, The Private View interview with Claude Martin, the new director of World Wide Fund for Nature (July 9/10), seemed to miss the point.

Dr Martin might have been asked if the Panda symbol was not now so prominent that it obscured the complexity and importance of the work that goes on under its logo. Pandas and other "cuddlies" have long been the advertising front for funding of a lot of hard-headed thought and work on the diversity of life on earth, from viruses to vertebrates, and the relationship of that diversity with the economic, ethical and spiritual life of humans.

Each living species is more complex than any man made machine. Very few individuals of any species are the same, and their inter-relations so intricate as to be largely beyond human elucidation. To demand the moral justification of conserving the angonoka tortoise is as irrelevant as a Tory government asking the same question about any particular small business during a time of depression.

Given the bent of the FT, a deeper examination might have been appropriate: of Martin's view on the implications of taking funds from industrial and economic interest groups; on environmental action by industry; and upon ensuring the continued availability of biological resources to man.

These are complex and important issues and their treatment in your feature may be likened to an interview with the chairman of the stock exchange on the simplistic and outmoded basis that he oversaw a casino and that capitalism contained the seeds of its own destruction.

Paul Munton,
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Government failing to convince on CrossRail

From Mr Jeremy Bayliss.

Sir, To achieve its target of attracting 30 per cent of the funding needed for CrossRail from the private sector ("Private cash sought for 30 per cent of CrossRail", July 8), the government has got to give private investors the confidence they need to commit the very large sums of funding required. The government is failing to do this at present.

The case for CrossRail is unassailable. Probably the best conceived transport project to be undertaken in such a complex city setting, it will reduce congestion, bring environmental benefits and help to guarantee London's position as the world's leading international business centre.

The government is right to look for input from the private sector. Governments worldwide are finding that they do not have the funds required to finance all the public services and infrastructure they would like to provide. CrossRail is a prime example of a project that would benefit from the commitment, management and market experience that the private sector can bring.

If it is to win private sector backing, however, the government must now give an unequivocal commitment that the project will go ahead as soon as the legislation is enacted. It must also set out clear guidance on the level of funding and the sharing of risk.

CrossRail will be a significant test of the feasibility of public/private sector partnership. The government must show full commitment in pushing it forward if it is to pave the way for private investment in other infrastructure projects needed for the 21st century.

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FINANCIAL TIMES

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Thursday July 15 1993

Improving the World Bank

THE WORLD Bank is never going to be loved. With a portfolio of $140bn invested in 1,800 projects and programmes, it is too powerful for that. It can hope only to be respected. But to win that respect, it must be both open and tough, open about its failures, tough on its shareholders and, most of all, itself. With its "agenda for improving development effectiveness", the bank is taking steps in the right direction.

The bank's prime aim of poverty reduction can, in the words of its president, Mr Lewis Preston, be attained only "by restoring or accelerating economic growth and by focusing on policies and programmes that specifically benefit the poor". The bank tries to turn such benign intentions into reality via its lending.

To Mr Preston's credit, he decided to find out how well the bank's lending was working. The answer, it turns out, was not very well. The proportion of operations in progress that had "major problems" had risen from 11 per cent in 1981 to 20 per cent a decade later. In agriculture, 25 per cent of projects were in difficulty. The bank's Operations Evaluations Department judged only 63 per cent of completed operations to be satisfactory in 1991, a sharp decline from the 85 per cent achieved in 1981.

This looks dreadful. So, in many ways, it is. But oversimplification must be avoided. It would be easy for the bank to improve its performance by avoiding innovative, risky or complex projects, particularly in the poorest countries. Furthermore, many failures are to be explained by adverse global developments, such as deteriorating terms of trade and high real interest rates. Also important has been the poor state of many borrowers' economies. The debt crisis inflicted serious damage, for example, though these difficulties usually reflected and, in turn, contributed to wider economic mismanagement.

Nevertheless, the bank does bear much of the blame. It is simultaneously a financial intermediary, a dispenser of largesse and a supplier of advice. All these objectives have to be served by its lending operations. Conflicts inevitably arise. In practice, effectiveness has too often been subordinated to the desire to expand lending and remain on good terms with clients, who are also shareholders.

The bank's proposed solutions are to move the management of country portfolios to centre stage in its dialogue with borrowers; to foster "genuine partnership" with borrower agencies; to ensure the participation of the poor; to restructure ongoing operations when necessary; to simplify project design; to improve the management of operations; and to enhance the role played by operations evaluation. It also aims to redirect internal incentives towards rewarding successful progress in projects, from project approval.

This is fine, so far as it goes. But it does not go far enough. The bank cannot force governments to do what they do not want to do. Similarly, it cannot give countries honest and effective government. What the bank can do is decide whether a particular government or borrower is worthy of support. If the conditions for effective use of resources do not exist, the bank must walk away, explaining clearly both to the client and to a wider audience why it has decided to do so.

This will take courage. But it will also demand greater openness. The bank needs to see an informed public opinion as its friend. Some of the bank's critics will never be mollified. But many in both developed and developing countries want the bank to succeed in its prime goal of helping reduce poverty. They also recognise that developing countries need honest and effective government, implementing sensible policy. If the bank stands firmly for that, it will deserve respect. If it is seen to stand for that, it will receive it.

Lords' day

IN THE last century, Parliament's House of Lords was described by Bagehot as a dignified rather than an efficient part of the UK constitution. Widening the suffrage had led to the triumph of the democratic Commons over the aristocratic Lords. But yesterday their lordships again found themselves at the centre of the political debate as anti-Maastricht campaigners urged them to overturn the Commons by voting for a referendum on the treaty.

Both sides in the debate assiduously courted the "backwoodsmen", the hereditary lords who rarely attend debates. Last time they turned out in force was in 1988, to defeat moves to introduce an element of progressivity in the poll tax. Their pivotal role in so doing was equally controversial, because many of these wealthy but unelected legislators gained hugely from the abolition of rates.

Attempts to reform the House of Lords have been fraught with difficulty, however. It may be anachronistic that the UK's upper house is largely composed of peers who have either inherited their titles or received them as beneficiaries of the prime minister's patronage. It may be absurd that this large and unwieldy body which meets more frequently than almost any other legislature in the world in practice wields very little power. But finding cross-party agreement on how to reform the Lords has repeatedly foundered, not least because many MPs prefer a toothless second chamber that is unable to challenge the Commons' democratic credentials.

Yet a second chamber that enjoyed greater legitimacy could do much to improve the quality of Britain's governance, as a pamphlet published today by the left-leaning Institute for Public Policy Research points out. It would be better able to amend and improve bad legislation. Its authority would be strengthened in scrutinising the work of the European Community. It could vet appointments to quangos, providing checks on the exercise of ministerial patronage. And it could be given special powers to veto constitutional changes which would therefore require the endorsement of both houses.

But it can do none of these things well without the legitimacy conferred by democracy. That means elections for most or all of its members, though there is a case for some appointees to represent special interest groups such as business, religious organisations and ethnic minorities. Dignity should give way to legitimacy in the UK's upper house.

German mould

YESTERDAY'S announcement that the Bavarian state government is to sell off its 8 per cent stake in Deutsche Aerospace provides a further indication of the degree to which unification's turbulent aftermath is shaking the foundations of the German economic system. The united Germany which eventually emerges from the current recession will differ from the old west Germany in more profound respects than just population and geography.

Necessity, rather than ideology, is the primary reason for the Bavarian Land's decision. No one can doubt the urgent need to raise revenue from any source possible, both centrally and regionally, in order to close Germany's gaping government budget deficit.

But the sale – the first significant divestiture by a regional administration of a strategic industrial stake, originally taken to aid the postwar reconstruction – does mark a significant moment in Germany's economic evolution. Many other state habits, such as the vast panoply of subsidies and holdings, may not survive the budgetary squeeze.

Nor is the state sector alone being shaken up. Three years of high interest rates and a strong D-Mark have forced German industry to think hard about ways to cut costs and become more competitive. Companies are, as a result, looking beyond Germany's borders: to New York for capital, and to east and south Europe for cheaper labour.

Germany's social partners are, meanwhile, slowly modifying past practices which have sometimes stressed regulated uniformity over competition and flexibility. The strains in east Germany resulting from Germany's co-ordinated wage-bargaining system signal the need for change; the draft law on flexible working hours, approved by the cabinet this week, suggests it is beginning.

This is not an obituary for an economic model which, in the main, has served postwar Germany well. The structure of German industry is, and will remain, very different from the Anglo-Saxon model: secrecy remains highly prized, public companies are much less common, ownership is more concentrated, industrial cross-holdings are normal and hostile takeovers rare.

Yet change will continue at the margin. For even if the Bundesbank chooses to cut interest rates at today's council meeting – and the French authorities must surely hope it will – the pressure on industry to become more competitive can only intensify.

Roger Matthews examines the strength and appeal of Islamic fundamentalist movements throughout the Middle East

A voice for the oppressed

"Moslems in turmoil: terror sheikh surrenders after Brooklyn mosque drama." The recent headline in a British Sunday newspaper articulates a widespread western view of Islamic fundamentalism and its association with terrorism.

"West anxious to refuse Moslem peace force", the headline in one of yesterday's papers, emphasises just how uncomfortably that perception sits alongside the west's failure to ease the worsening plight of the Bosnian people, and the mounting frustration of Islamic leaders at being blocked from coming to the aid of their co-religionists.

The offer by seven members of the Islamic Conference Organisation to provide 17,000 troops, including 10,000 Iranians, for peacekeeping duties in Bosnia poses an acute dilemma for the west, precisely because it feeds the fear of Islamic extremism getting a foothold in Europe.

Foremost among those international leaders who endorse that interpretation is Mr Yitzhak Rabin, the prime minister of Israel. "They [the fundamentalists] are starting to build an infrastructure of terror all over the world," he told a Paris audience last week. "They will not tolerate the presence of any foreign, non-Islamic entity in the Middle East. They will fight all the moderate Arab regimes."

After the arrest in New York of eight men, accused of plotting explosions and identified instantly by police as Islamic fundamentalists, the American public was similarly left in little doubt by some of its politicians that the US was itself under threat. It is an assumption already reflected in US Middle East policy, where the containment of Iran, described by Washington as the world's foremost sponsor of terrorism, has been given top priority.

Senior officials in Washington emphasise that the US has nothing against Islamic regimes as such. The Saudi Arabian government, for example, is more fundamentalist than most. It is also authoritarian, denies any movement towards political pluralism, refuses women the right to drive cars, beheaded 66 miscreants in public last year, and is spending billions of dollars on building up its military machine. The US views Saudi Arabia as a close friend and its staunchest ally in the Gulf.

On the other hand, Iran, which also defines itself as an Islamic state and, according to Amnesty International, executed 330 people last year, has elections of a sort and a functioning parliament, allows women to drive cars, and is spending a fraction of the Saudi Arabian outlay on new weaponry. Together with President Saddam Hussein's Iraq, it is described by the US as a grave threat to world stability.

The basic difference between Iran and Saudi Arabia, at least when viewed from Washington, is that one sees the US as the Great Satan while the other sees it as the Great Saviour. Put another way, Washington has much less of a problem with the domestic policies of Islamic governments than it does with their external posturing.

In part this is because Islamic fundamentalism has, for the past 15 years, been primarily a rallying point and a focus for dissent against regimes which permitted no alternative political voice and were sometimes allied to the US. The Iranian leadership under Ayatollah Khomeini saw America as the root of all evil and its presence in the Middle East a provocation to all Moslems. Iran still sees its role as coming to the aid of oppressed Moslems anywhere in the world, but especially in the Middle East.

After 14 years of Islamic government, Iran cannot claim much success abroad, or at home. Despite all the talk of exporting revolution, there is not a lot to show. Equally, the sorry state of the Iranian economy leaves little to crow about. But what Iran has been able to do, to a modest extent, is capitalise on the political and economic failures of others. In the process its capacity for trouble-making has been purposely exaggerated, not least by some Middle Eastern leaders such as President Hosni Mubarak, who for months has been crediting Iran with the prime responsibility for terrorist attacks in Egypt.


Faces of Islam: the fortunes of Moslems in Algeria and Bosnia are causing frustration for many Islamic leaders

Outside Iran, fundamentalist or radical Islamic movements have thrived most where there has also been the partial collapse of the state (Lebanon and Sudan), where economic deprivation and disparities have been particularly marked (Algeria and Egypt), and as a consequence of occupation (the West Bank, Gaza and Lebanon). They have been additionally aided by the more general perception among Arab populations that their governments have failed them.

The movements which inspired millions in the post-colonial era – Nasserism, Arab socialism, Arab nationalism, Arab unity in all its different guises – have collapsed. The depth of the region's political malaise was never better illustrated than by the often contradictory Arab reactions to Iraq's invasion of Kuwait. Against this background, slogans such as "Islam Is The Solution" are destined to rally support. But there is no structure or uniformity to the response. No populist Islamic army is forming under green banners and curved scimitars to drive out the corrupt and morally bankrupt before moving on to deal with the infidels. Instead, there is a multiplicity of Islamic organisations, even within a single country, a wide range of objectives, and little articulation of what Islam thinks is The Solution.

The basic difference for Washington is that Iran sees it as the Great Satan, and Saudi Arabia sees it as the Great Saviour

Where there is a degree of international co-ordination it stems primarily from Iran. Even then it is difficult to identify who is responsible when power is shared between spiritual leader, president, parliament, ministers, senior ayatollahs, religious institutions and religious foundations. Contradictions are inevitable. The country's economic reconstruction programme needs to attract western capital and technology, but its foreign policy, especially on the Middle East peace process, is diametrically opposed to US and European efforts.

Iran's successes have been greatest where Israel has blundered out of the frying pan into the fire, most notably in its efforts to smash opposition to its military occupation in the West Bank, Gaza and Lebanon. The harsh response to the five-year Palestinian uprising in the occupied territories has given Hamas, the radical group supported by Iran, the chance to draw popular support away from the more moderate Fatah, the dominant component in the Palestine Liberation Organisation headed by Mr Yassir Arafat.

In south Lebanon, the formerly quiescent Shia population was politicised by Israel's invasions in 1978 and 1982. The invasions succeeded in ending the Palestinian military threat to Israel's northern border but contributed to the birth of Hizbollah, which is also backed by Iran and was responsible for seizing western hostages in Beirut. Hizbollah not only continues to inflict more casualties on Israeli troops than the Palestinian guerrillas, but has become an important element in determining Lebanon's political stability.

Conversations with officials in Tehran leave little doubt that Iran sees its allies in the occupied territories and its co-religionists in Lebanon as offering direct leverage on the peace process and on wider American-Israeli plans. Just how extensive Iranian ambitions are is difficult to assess, but it would seem obvious that Iran will seek to exploit the weaknesses in the pro-American Arab alliance that Washington is seeking to maintain.

One of the keys to that alliance is Egypt, among the most immediate targets of Islamic extremists. The activities of a handful of terrorists during the past year have unnerved the regime, especially as they have aimed principally at the tourist industry, the country's biggest single source of foreign revenue. But while there is plentiful evidence of dissent in Cairo's poorest suburbs, there is no sign of the explosive discontent which led to the country's mass riots in January 1977.

Egyptians are famously slow to rouse and, as the 1977 riots showed, it was government blundering rather than opposition agitation which triggered public anger. The Moslem Brotherhood, for decades Egypt's main standard-bearer of political Islam, is winning greater public support, but it seems to be more by default that by any specific policies it has to offer. An hour spent seeking to draw out a party spokesman elicited only the repeated assertion that all the answers to Egypt's myriad problems are contained in the Koran.

In the slums and among the squatters, the assertion that the US is at war with Islam falls on receptive ears

But if Islamic groups are reticent about precise policies, they are learning fast how to operate at the grassroots. Islamic groups in several countries have understood the effectiveness of social welfare schemes and have taken full advantage of any opportunities to become part of the political establishment. Leading the way are Hizbollah in Lebanon, the Islamic Salvation Front in Algeria, and the Moslem Brotherhood in Egypt and to a lesser extent in Jordan.

In Lebanon, devastated by 17 years of civil war, Hizbollah runs schools, hospitals and clinics, provides housing, and administers shops which sell subsidised food. It put up candidates for last year's general elections, and its eight members of parliament set an example by the enthusiasm with which they participate in debates and sub-committees. Hizbollah is also the only faction not to have been disarmed, on the basis that it is fighting to eject Israel from the south in order to restore national sovereignty. In short, Hizbollah has covered all the options.

Allowing Hizbollah into the democratic process posed relatively few risks in Lebanon where representation is regulated according to the size of the country's religious minorities. But in Algeria – where there was no such limitation and the ruling party had little popular support – a sudden plunge into democracy by a desperate government allowed the protest vote to swing massively to the Islamic Salvation Front. It was only stopped from taking power by the regime halting the electoral process, pushing the country towards worsening political violence.

President Mubarak says he warned Algeria's leaders of precisely that danger. He has no intention of legalising the Moslem Brotherhood in Egypt and permitting it to fight an election against the officially sponsored National Democratic party. However, there seems equally little prospect of the NDP as constituted ever winning mass support, a vacuum which the Islamic groups are in part trying to fill with welfare programmes similar to those adopted by Hizbollah.

Groups of Egyptian liberal intellectuals have warned Mr Mubarak of the risks if the government continues with its confrontational "them or us" policy. Harsh police measures to crush the Islamic challenge is not an answer, they argue, except perhaps for Syria, where the brutal suppression of the 1982 revolt in the town of Hama has broken the back of opposition to the regime for more than a decade.

But it has not provided the answer to what or who follows President Hafez al-Assad, any more than other Arab regimes have managed to create institutions which will provide for orderly and popular transfers of power. Such failures have allowed the perception to gain ground in the Middle East that it is only the Islamic movements which truly care for the poor and oppressed, an impression heightened by the collapse of communism and the Soviet Union and what are seen as hostile American attitudes.

In the slums of Cairo, among the squatters in the wreckage of downtown Beirut, in Baghdad or Khartoum, the assertion that the US is at war with Islam falls on receptive ears. However justified the Gulf war was by international law, the further missile attacks on Baghdad and the continued sanctions which bear most heavily on ordinary Iraq people can be all too easily arranged to fit a specific message.

The west's failure to save the Moslems of Bosnia adds substantially to that message and will be further reinforced if it refuses the offer of an Islamic peacekeeping contribution. And, of course, there is Israel. Despite 20 months of American-sponsored peace talks it shows little sign of withdrawing from the occupied territories or relinquishing east Jerusalem.

Such issues bear far more heavily on the lives of most Moslems in the Middle East than the prominently headlined activities of a few extremists in New York. If the wider concerns of Moslems are not accorded more equal prominence, the US and its allies may be unable to check the growing suspicion that Islam is being elected to succeed communism as the primary threat to western values and political order.

OBSERVER

Happy landing

■ Good to see someone preserving a sense of humour amid the massacre on Lime Street. David Springbett, who yesterday published a modified version of the London insurance market's official business plan, wants to "springclean the place".

Hence the scheme's title: "Lysold", an old-fashioned cleaning fluid, which just happens to be an anagram of Lloyd's.

While he may be a self-styled "expert bullshitter", Springbett clearly has staying power. Witness his entries in the Guinness Book of Records, which include the fastest round-the-world trip on a commercial airliner.

Twelve years ago he found himself above the Atlantic seated beside a striking girl called Paddy, who alas didn't see him as her ideal man. Not content with pointing out that he was fat, she mentioned that her current bean was Arnold Schwarzenegger who'd famously earnt a Guinness Book entry as the most perfectly formed man.

Divining that a mention in said esteemed tome was the key to the young lady's heart, Springbett contemplated his navel in quest of a way. He hit on the round-the-world trip for which, being a good insurance professional, he hedged himself with the bookies at 25 to 1.

Then a quick word with the publisher secured him a quarter-page colour photo in the next edition – one up on Schwarzenegger, who Springbett claims had achieved only a black and white.

Upon publication, the young lady accepted his hand, and the two are still blissfully married. Here's hoping she goes on inspiring him to great deeds.

Snoop's oops

■ A thrill of righteous anger no doubt ran through the Norwegian social security officer off-duty at a party. Dancing around before him was Nelly Elgaaen, who he knew was receiving welfare support while off work claiming she had a bad back.

He promptly reported her, and the welfare payments were halved.

They've now been restored. She was dancing as a remedial measure prescribed by her physiotherapist.

Chinese walls

■ "Nothing to worry about, there's always a bit of unrest at this time of the year," Britain's Beijing embassy assured visiting members of the House of Commons foreign affairs committee in May 1989.

What they'd inquired about was student demonstrations in Tiananmen Square – which left some of the visitors with what one

of them, Conservative Michael Jopling, terms "the view that the embassy was not in touch with what was going on".

With the committee planning to go to Beijing again, Jopling yesterday asked the subsequently appointed ambassador, Sir Robin McLaren, in London between talks with China about Hong Kong, if the embassy's eyes were sharper these days.

Perhaps more used to silken diplomacy than direct confrontation, the envoy replied that he had read all the embassy's cables in 1989 and could assure the committee members that it had been "by no means complacent or dismissive". Nor was his snapshot of the present position likely to change Jopling's view.

Communist countries were difficult to understand, it went, rather like a lake with black water and currents running beneath the surface. The present situation in China was "very interesting" and the ambassador could not predict the future with confidence.

Flagging

■ There might well be some awkward silences at the first meeting of the newly formed board to keep the British Labour movement's colours flying by preserving trade union banners for posterity. After all, besides John Smith, the board includes TGWU leader Bill Morris and his GMB counterpart, John Edmonds.

But if the two union bosses can't think of anything to say to the would-be reforming party leader, they could always borrow the immortal line from teenage novelist Daisy Ashford's Young Visiters: "You look rather rash my dear your colors dont quite match your face."

Title tattle

■ News that just departed Bank of England governor Robin Leigh-Pemberton has taken the title of Lord Kingsdown caught Observer off-guard. Didn't Kingsdown in Kent already have a lord of the manor in Kenneth Noye, one of the brains behind the 1982 Brinks-Mat bullion robbery?

Perhaps the former guardian of Britain's gold was moving in to search for the still missing bulk of the robbers' undercover reserves. But the odds would surely be against him in an area where many of the houses look as though they must have been built without planning permission, besides being guarded by rottweilers.

Wrong track, however. The said Kingsdown has nothing to do with Leigh-Pemberton's new title, which has a spotless record indeed. It has been kept unused for over a century, dating back to one of Leigh-Pemberton's great great grandads who died childless.

Relocation

■ Talk about charity beginning at home. Yesterday's Independent illustrated its report on the restored dividend at estate agents Savills with a picture of a country house. The caption read: "...Lower Roundhurst near Hazelmere, Lancashire, is priced at £1.8m."

What wasn't mentioned was that the property belongs to one of the Indy's columnists who'll no doubt welcome the publicity for the sale – share-tipster Jim Slater.

Even so, the paper stopped short of putting potential buyers directly on the scent. The house is not in Hazelmere, Lancashire, but Haslemere, Surrey.

FINANCIAL TIMES
Thursday July 15 1993

Japanese opinion polls predict big loss for Social Democrats

By Robert Thomson in Tokyo

JAPAN'S ruling Liberal Democratic party will not gain a parliamentary majority in Sunday's election but the Social Democratic party, the largest opposition group, will be a bigger loser, according to opinion polls released yesterday.

The results of the newspaper-sponsored polls, the largest of which sampled 110,000 voters, reflected increasing support for newer, pro-reform parties such as the Japan New party and the Japan Renewal party, both of which could win 40-50 seats in the 511-seat parliament.

But the LDP, which entered the election with 227 seats after losing the support of one of its factions, may not be as battered as was predicted when the government of Mr Kiichi Miyazawa fell after losing a no-confidence motion late last month.

It is now expected to secure 220-230 seats.

The polls – published by the Nikkei Shimbun, the Yomiuri Shimbun, the Asahi Shimbun and the Mainichi Shimbun daily newspapers – indicated that many voters had yet to decide. But they suggested the LDP would form a coalition government, with the JNP likely to have enough seats to make it an influential partner.

There is also a possibility that the JNP could form a coalition with opposition parties, but Mr Morihiro Hosokawa, the party's leader, has suggested a coalition with the LDP is more likely.

However, Mr Hosokawa has also suggested that a coalition government is likely to collapse quickly. This would force another election within a year, giving his party and other new groups more time to prepare for a campaign and select candidates.

The snap poll has put pressure on the new parties; the JRP has been able to muster only 69 candidates, the JNP 57 and the New Party Harbinger 16. JRP officials are already planning for the next election, which they expect early next year.

Each of the polls indicated that the SDP, which now has 140 seats and has traditionally won the protest vote, would be badly bruised on Sunday. Estimates put the number of seats it is likely to win at between 69 and 100.

The party appears to have alienated old supporters through a last-minute attempt to overhaul a foreign policy more appropriate to the 1970s, but it has also put off other potential voters by not reforming the policies quickly enough.

On average, the four polls found that the Japan Communist party would keep its present total of 16 seats, and could take as many as 20 seats.

Meanwhile, the Komeito, backed by the Soka Gakkai religious movement, is expected to keep its 46 seats.

If the polls are accurate, a coalition among the Komeito, SDP, JNP and JRP could form a new government. But policy differences should ensure their administration was shortlived.

Sharp rise in US consumer spending as inflation eases

By Michael Prowse
in Washington

US consumer spending rose significantly in the second quarter while inflationary pressures moderated, official figures indicated yesterday.

This suggests that the US economy, after sharp price increases in an erratic first quarter, is returning to last year's path of moderate growth and subdued inflation. Fears that the Federal Reserve, the central bank, would push up interest rates in the near future have all but evaporated.

The Commerce Department said retail sales rose 0.4 per cent between May and June and sharply revised upwards estimates of spending in previous months. The Labour Department said consumer prices were flat last month after a marginal 0.1 per cent increase in May.

Official figures earlier this week showed a 0.3 per cent decline in wholesale prices last month, the biggest in two years.

In May, the Fed reacted to signs of rising inflationary pressures by shifting from a neutral monetary stance to a bias toward raising short-term rates. However, the Fed is now expected to take a more relaxed attitude towards inflationary pressures and to postpone a tightening of monetary policy at least until the autumn, perhaps until next year.

Retail sales in April and May were revised up sharply to show monthly gains of 1.9 per cent and 0.4 per cent respectively, against previous estimates of 1.5 per cent and 0.1 per cent.

The latest figures suggest that real consumer spending grew at an annual rate of about 3 per cent in the second quarter, a sharp rebound after growth of less than 1 per cent in the first quarter. The recovery was led by big increases in car sales. Sales of clothing and general household goods also improved noticeably.

The annual rate of consumer price inflation fell to 3 per cent against 3.2 per cent in May.

Bavaria to sell off shareholdings

Continued from Page 1

The state's withdrawal from Bayernwerk in a phased process (its 58 per cent holding will be reduced to 50.1 per cent in the first stage) would suit the ambitions of Viag to consolidate its position and expand further in the highly profitable power business. Viag owns 39 per cent of the utility, which, in turn, has a 24.9 per cent stake in it.

Viag is known to have been pressing for a restructuring. The conditions for absorbing Bayernwerk into a privately controlled concern were better than before, Mr Alfred Pfeiffer, Viag chairman, said yesterday.

Mr Georg von Waldenfels, the Bavarian finance minister, said the government might retain a stake of up to 40 per cent in the new business, a complete withdrawal was being considered in the medium term.

Mr Stoiber, who took over as Bavarian premier last month, said that the privatisation process was not intended to finance the Bavarian state budget, but to provide long-term investment funds to attract and promote more high-technology investment in the state.

Apart from Bayernwerk and Deutsche Aerospace, Bavaria has a stake in Rhein-Main-Donau, which operates the canal linking Germany's two main rivers with the Danube.

Attali criticised over EBRD finance

Continued from Page 1

building contractor, Bovis, to control the construction project.

Also criticised are two other executives, Mr Pierre Pissaloux, who until recently held the posts of director of the cabinet and of the budget, though now is only cabinet director, and Mr Anders Ljungh, the bank's vice president in charge of finance.

Mr Pissaloux is accused of poor judgment in his management of the building project, allowing overspending in certain areas. However, he is praised for the speed with which the project was finished. Mr Ljungh is accused of not keeping sufficient control of bank spending.

The banks' board of 23 directors, who represent the countries and agencies which own the bank, are also rebuked for approving and then increasing the budget for furnishing the office without receiving sufficient information on why more than £50m was required.

In June, Mr Attali announced his intention to resign as president following disclosures that he had taken $30,000 in fees for speaking at a conference and had also been reimbursed twice for a first class return flight to Japan.

He said at the time he would go when a permanent successor takes up office, which is unlikely until September. He was not at the bank yesterday. One bank executive said: "The audit report is so critical of him, I suspect he may decide to quit this week."

Inflation in UK at 1.2%, lowest rate since 1964

By Emma Tucker in London

BRITISH retail prices fell 0.1 per cent last month, to bring the annual inflation rate to 1.2 per cent, the lowest since February 1964. Underlying inflation excluding mortgage interest payments was unchanged at 2.8 per cent.

The Central Statistical Office said the fall in prices was mainly because of an early start to the summer sales. Telephone and electricity charges also declined.

Economists warned, however, that inflation did not have much further to fall. Although few expect underlying inflation to breach the government's 4 per cent target ceiling before the end of the year, many believe that price pressures are starting to build slowly as demand for consumer goods recovers and the higher cost of imports is passed on by retailers.

Mr Kenneth Clarke, chancellor of the exchequer, said yesterday: "At the moment, the economy is recovering perfectly sensibly. I don't expect us to have good news all the time but at the moment the recovery isn't looking fitful. In the last day or two, it looks as though it is strengthening a little."

Financial markets reacted well to the news, which came only a day after the announcement that UK manufacturing output rose by 1.8 per cent month-on-month in May. Long-dated bond yields, which reflect the market's expectations of future inflation, fell below 8 per cent for the first time since early 1972.

The pound climbed higher against the D-Mark closing up ¾ of a pfennig at DM2.5775. It was also slightly stronger against the dollar, ending the day at $1.5025 compared with a previous close of $1.4935. The figures made little impact on share prices, however. The FT-SE 100 index closed down 4.8 at 2,832.3.

THE LEX COLUMN

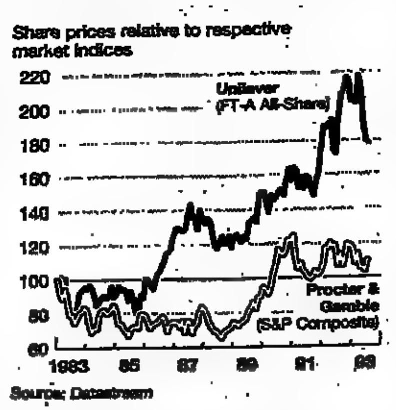
Bursting branded bubbles

Procter & Gamble's price offensive in the US detergents market has blown more bubbles up the noses of investors worried about brand values. There may be specific reasons for P&G's campaign: the need to counter Unilever's launch of super-concentrated detergents being one. But the move also reflects the general industry shift towards the latest fad of everyday low pricing. P&G has been cutting the promotional spend on 70 per cent of its products, allowing it to reduce prices. The sums may only work, though, if P&G is able to make similar cuts in costs. P&G's press conference today may reveal how.

The question worrying investors, though, is whether such moves are short term expedients designed to address flagging sales or longer term strategies which will re-write the rules of the branded game. Trading conditions have changed greatly since the 1980s. Companies are being forced to adapt. Whereas the 1974 and 1981 recessions were followed by bursts of medium economic growth and high inflation, the outlook for the 1990s is for low growth and low inflation. This is squeezing consumers' discretionary spending and emphasising value.

That said, branded companies able to offer demonstrably superior products at modest premium prices should continue to thrive. The 5 per cent fall in Unilever's shares over the past two days is surely overdone. But such companies will have to overcome a wave of adverse sentiment before they can hope to reverse their recent share price weakness.

FT-SE Index: 2832.3 (-4.8)



Tiphook

Tiphook's reputation for impenetrable accounting will only be enhanced by its latest changes. Since the bulk of its revenues are in dollars, the switch to dollar-based accounting is superficially reasonable. All the more so since most of its debt and almost 50 per cent of its shareholders are in the US. But blaming a £77.3m profits hit on these accounting changes is rich when most of the charges would have been incurred anyway. The £16m cost of unwinding its interest rate swaps position would have affected profits under its old policies. So, too, would the punitively expensive £21m cost of redeeming £150m of preference shares.

Such irritations might have been overlooked had Tiphook's underlying business held much appeal. But with poor annual figures, a patchy trading outlook and escalating competition, the company has a real fight on its hands. Year-end gearing of 473 per cent, which comes close to the ceiling imposed by its articles of association, constrains it further. Although high gearing is normal for leasing companies, a likely interest bill three times forecast profits is a worrying ratio nonetheless. Despite the hefty dividend yield, there seems little reason to risk holding Tiphook's shares.

CSFB

The resignation of Mr Archibald Cox as head of its US operations suggests CSFB is some way from achieving management stability. Having appointed Mr David Mulford to the top job in London in March – in place of *the established Mr Hans Joerg Rudloff* – it might have hoped for a period of calm. Mr Cox hardly has a record of precipitate career moves, so it is hard to believe that bickering over the level of bonuses paid in New York played more than an incidental role. That raises the question of whether his departure is a symptom of a deeper malaise. Like other globally-minded investment banks, CSFB must mould an integrated business from the far flung parts of its empire. Splitting into regional units in 1988 to accommodate the buy-out of First Boston proved an unsatisfactory response. In an era of cross-border capital flows, organising an investment bank geographically makes little sense. By reshaping itself into product groups earlier this year, CSFB has belatedly fallen into line with practice elsewhere. Since that involved curtailing the power of regional chiefs, friction was always likely.

If Mr Cox's resignation has indeed arisen out of the decision to impose a more rational management structure, CSFB could emerge stronger from the upheaval. Having clung to the idea of regional units for so long, though, it has lost ground against the best of the competition. What the company really needs now is a focus on profitability rather than personalities.

UK inflation

If Tuesday's industrial production and yesterday's inflation figures had not arrived on government notepaper, the casual observer might have thought they related to Japan. The UK does seem to have survived the first wave of price pressure from devaluation, due to low wage inflation and a yawning gap in the productive potential of the UK economy. Manufacturers are even managing to restore margins despite subdued price rises. One area where this may not be true is food retailing, where costs are rising but retail prices are under pressure. Those fat margins built up in recession may soon start to slim.

BT3

Calculators will doubtless be working overtime in the investing institutions to gauge the retail demand for BT3. Since retail investors are said to have applied for at least 800m shares, against the 600m on offer, that implies the 1.4m or so applicants have applied for a minimum of 570 shares each. However, the public is unlikely to *have applied for more than* the 630 shares tendered for in BT2, since the first payment is much larger this time. All of which suggests that while the public has applied for more than 800m shares, the final total may not be much more than 900m.

The 600m share institutional offer closes tomorrow and there seem to be bids for around 1.2bn shares. Those tenders are clustering around a 10p premium to the price on BT's fully paid shares, reflecting the time value of money. It would thus seem unlikely that the Treasury would increase the retail element to 800m and cut institutions back, since fund managers are paying a higher price, and small investors may also have bid for more shares than they expect to get. If these prove to be the final figures, the offer will count as a modest success. Whether the same can be said of the excessive hype and baffling advertising campaign is another matter.

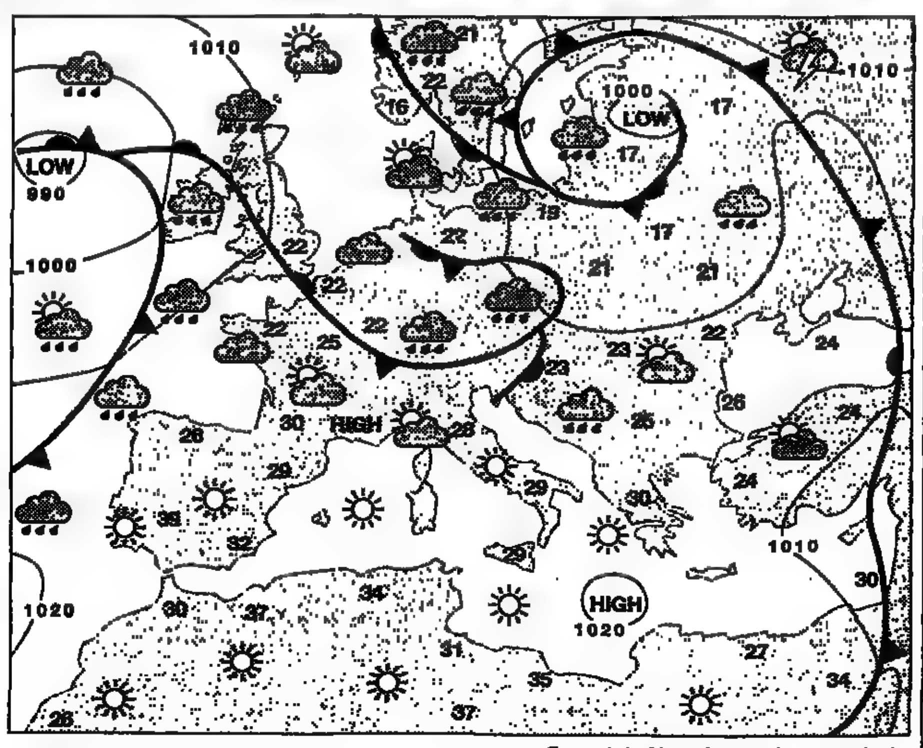
FT WORLD WEATHER

Europe today

A disturbance over central Europe will bring overcast skies and rain to Germany, Poland, the Czech republic and the Alps.
In spite of the rain, temperatures will rise above 20C this afternoon. Later, some rain will fall over Hungary and former Yugoslavia but elsewhere over the Balkans there will be sunny spells. A depression west of Ireland will bring rain to the British Isles. In the evening, the rain will reach Belgium, the Netherlands and north-west France. Southern France will have sunny spells with temperatures rising to 30C. Across southern Europe, it will be mainly sunny and in the interior of Spain temperatures will rise to 39C.

Five-day forecast

Depressions will continue to influence the British Isles. It will be rather rainy.
Tomorrow, rain will fall over the Low Countries, Germany and the Alps. On Saturday the rain will move to eastern Europe. From Sunday thundershowers will develop over western and central Europe. Central Scandinavia will be mainly dry with some sunny spells until Monday. Elsewhere in Scandinavia, rain will fall at times. Southern Europe will be sunny and dry and afternoon temperatures will reach 30C.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	40
Accra	cloudy	28
Algiers	sun	34
Amsterdam	cloudy	22
Athens	sun	29
Bangkok	rain	32
Barcelona	sun	29
Beijing	cloudy	29
Belfast	rain	18
Belgrade	rain	26
Berlin	rain	22
Bermuda	fair	31
Birmingham	rain	20
Bogota	shower	19
Bombay	rain	30
Bordeaux	fair	30
Brussels	cloudy	23
Budapest	rain	23
Buenos Aires	shower	11
Cairo	fair	34
Cape Town	rain	16
Caracas	cloudy	29
Chicago	fair	27
Cologne	rain	23
Copenhagen	fair	20
D' Salaam	fair	29
Dakar	fair	29
Dallas	fair	36
Darwin	fair	30
Delhi	thund	35
Dubai	sun	39
Dublin	rain	19
Dubrovnik	fair	27
Edinburgh	rain	18
Faro	sun	30
Frankfurt	rain	24
Geneva	fair	26
Glasgow	rain	18
Hamburg	rain	21
Helsinki	rain	20
Hong Kong	thund	30
Honolulu	fair	31
Isle of Man	rain	17
Istanbul	sun	24
Jersey	cloudy	17
Karachi	cloudy	34
Kuwait	sun	45
La Paz	fair	15
Las Palmas	sun	27
Lisbon	sun	32
London	cloudy	22
Los Angeles	hazy	23
Luxembourg	rain	22
Lyon	fair	29
Madeira	sun	25
Madrid	sun	38
Majorca	sun	33
Malta	sun	29
Manchester	rain	19
Manila	thund	33
Melbourne	shower	12
Mexico City	shower	22
Miami	fair	32
Milan	shower	28
Montreal	fair	25
Moscow	rain	19
Munich	rain	21
Nairobi	cloudy	21
Naples	sun	28
Nassau	shower	31
New York	shower	31
Nice	fair	25
Nicosia	fair	35
Oslo	rain	23
Paris	cloudy	25
Perth	shower	19
Prague	rain	21
R' de Janeiro	fair	20
Rangoon	cloudy	29
Rekjavik	cloudy	13
Riyadh	sun	42
Rome	fair	28
S' Francisco	fair	20
Seoul	thund	26
Singapore	rain	32
Stockholm	cloudy	21
Strasbourg	rain	24
Sydney	fair	15
Tel Aviv	sun	30
Tokyo	shower	24
Toronto	fair	23
Tunis	sun	34
Vancouver	shower	20
Venice	fair	25
Vienna	rain	22
Warsaw	rain	22
Washington	shower	32
Wellington	cloudy	9
Winnipeg	shower	22
Zurich	rain	23

FINANCIAL TIMES
COMPANIES & MARKETS

Thursday July 15 1993

INSIDE

Efim defence transfer agreed

The reorganisation of the companies in Italy's troubled defence sector was brought a step closer when the government allowed the defence companies in the portfolio of Efim to be taken over without payment by Finmeccanica. Page 14

Storehouse chairman hits out

Mr Ian Hay Davison, chairman of Storehouse, strongly criticised the resignation by Mr David Dworkin, former chief executive, only six months into the job and only weeks after receiving a bonus of £2.71m ($4m). Page 18

BT share offer closes

Retail investors have applied for more than 800m shares in the government's sale of its 21.9 per cent holding in British Telecommunications. Institutions bid for more than 1.2bn shares. Page 14

Marion Merrell Dow restructures

The pharmaceuticals group Marion Merrell Dow, which is 70 percent owned by Dow, the US chemicals company, announced plans to reducecosts by about $250m a year. Page 15

Charles Schwab growth slows

The largest discount brokerage house in the US reported in second-quarter profits up at $31.6m, (£21.3m) from $18.5m last year. But like other securities houses, Schwab's profits in the second quarter were slightly lower than in the first, when the firm earned a record $35.4m. Page 15

Genentech rises to $10.4m

The US biotechnology company Genentech, which is 60 per cent owned by Roche of Switzerland, reported net income of $10.4m (£7m) for the second quarter, up from $3.4m a year earlier. Page 25 15

Broken Dream

Dream, a Japanese civil engineering company turned pinball parlour operator and stock speculator, has filed for bankruptcy protection, with about Y50bn (£309m) ($462m) in outstanding debts. Page 16

Full of beans?

A "green petrol" is becoming more available to the French motorist as Elf-Aquitaine is marketing its ETBE mix of petrol from marked pumps. ETBE is a mixture of ethanol (made from sugar beet or cereals) and isobutane, an industrial product. Last year Nigel Mansell won the Portuguese Grand Prix in a car running on a mix of petrol and ETBE. Page 28 20

Turkey emerges with strength

Performance in European and Middle Eastern emerging markets edged ahead of Latin America last month. Most of the gain in that area can be attributed to Turkey's rally since January; the market remains more than 100 per cent up on the year. Page 35 Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				Falls			
Rises				Dell Computer	16⅞	−	3⅞
Asko	660	+	19	Merrill Lynch	82¼	−	1⅞
SEHE	364.5	+	11.5	Morgan Stanley	66⅝	−	1⅞
Porsche	573	+	17	**TOKYO (Yen)**			
Thyssen	212	+	5.2	**Rises**			
Falls				Hattori Seiko	1430	+	60
Henkel Prf	550.2	−	9.5	NOK Corp	780	+	28
Linotype-Hell	425	−	15	Nippon Shinpan	960	+	38
NEW YORK ($)				Sumitomo Bakelt	540	+	25
Rises				Tokyo Corp	885	+	35
CBS	248	+	10⅛	**Falls**			
Fed Express	52¼	+	5¼	Brother Ind	528	−	24
Procter & Gamble	52¼	+	⅛				

Paris closed. New York prices at 12:30.

LONDON (Pence)							
Rises				BLP	58	−	5
Aminex	27½	+	2½	Barr (AG)	350	−	11
Anka Pet	82	+	9	Stockleys	52	−	4
Bulmer (HP)	419	+	13	Brit Data Mgmt	254	−	11
Electron House	102	+	8	Cosalt	101	−	10
Europa Minrls	37	+	5	Court Cavendish	198	−	9
GUS	3336	+	138	Expamet Int	68	−	8
Laird	314	+	15	Guinness	451	−	13
Morris Ashby	172	+	12	Pearson	442	−	18
Radio Clyde	295	+	15	Spring Ram	51	−	4
Scantronic	88	+	4	Tiphook	259	−	27
Simon Eng	44	+	4	Unilever	593	−	24
Std Chartered	827	+	23				
Falls							

P&G to unveil cost-cut package

By Martin Dickson in New York

PROCTER & GAMBLE, the US consumer products giant, is expected to unveil a wide-ranging cost reduction programme, probably including substantial job cuts, at a rare meeting today with Wall Street analysts.

The meeting comes two days after P&G, which faces increasingly strong competition from cut-price labels, announced plans to slash the price of its liquid laundry detergents in the US market.

That move is expected to hurt not only the manufacturers of cheaper products but also Anglo-Dutch Unilever, P&G's main US rival in branded detergents. Unilever's shares fell 24p to 593p on the London Stock Exchange yesterday.

The analysts' meeting at the company's headquarters in Cincinnati, Ohio, will be the first held by Mr Edwin Artzt, P&G's chairman, since May 1990.

P&G, an unusually secretive company, is expected to spell out how it intends to reach its previously announced goal of cutting overheads as a percentage of net sales from 14.5 per cent to 12 per cent over the next three years.

Some analysts have speculated that this could involve the loss of 10,000 of the group's 102,000 jobs around the world. However, the overwhelming majority of any reductions is expected to be voluntary, through early retirement and similar programmes.

P&G needs to prune costs to complement the price cuts it has been making to maintain market share in the face of competition from discounted brands.

It has revamped its US marketing strategy, introducing a policy of "value pricing". This involves cutting down on short-term, deep-discount promotional deals, which periodically slash the cost of products to the retailer, and replacing them with a system of more consistent lower prices.

However, the change has stirred up opposition among less efficient retailers, who have relied on deep-discount promotions for a substantial part of their profits.

Tuesday's detergent price cuts stem from this marketing battle. P&G is cutting the price of its Tide and Cheer liquid detergents by 15 per cent from August 2, with lesser reductions on other detergents, dishwashing liquid and fabric softener.

The company indicated that the move was aimed at narrowing the gap between its products and cheaper brands, but analysts said it appeared as much to be a strike against Unilever, which has just introduced to the US market super-concentrated versions of its liquid detergents.

"There is no better time for price cuts than in a competitor's new product launch," said Mr Gabriel Lowy, of securities firm Oppenheimer & Co.

He also thought P&G might be venting its anger at Unilever for trying to undercut its value pricing strategy by offering special promotions to weaker retailers.

Today's analysts' meeting will be followed by an even rarer briefing for the business press. The company denied there was any connection between this somewhat greater openness and the publication in September of a book whose advance publicity promises it will be an "explosive expose of the cut-throat nature" of P&G.

It has been written by Ms Alecia Swasy, a Wall Street Journal reporter who had a brush with P&G two years ago when the company got the Cincinnati police to track phone calls to the journalist's home and office.

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Secrecy planned for share trades

By Richard Waters

THE largest trades conducted on the London stock market will not have to be made public until up to a week after they have taken place, if a proposal to be put to the Stock Exchange's board today is adopted.

If approved, the change could boost the profits of London securities firms, which claim current regulations expose them to losses.

The move would be a reduction in the level of transparency on the London market, which already requires less disclosure of trade information than other international markets.

The relaxation would apply only to the very biggest trades, in which a marketmaker buys or sells a large block of shares. The delay in publication would give marketmakers longer to lay off their risks before competitors were alerted to their positions.

The rule change would apply only to trades which are at least 75 times bigger than the average trade in a company's shares (known as the "normal market size"). Details would have to be published only after the marketmaker had laid off at least 90 per cent of its own risk, though publication of all trades would be obligatory after a week.

The proposal is the latest step in a five-year battle between UK marketmakers and regulators over trade publication. Securities houses have argued that London's marketmaking system, unlike the auction systems in most other large stock markets, will only operate with a degree of secrecy.

The rule change is understood to have been approved by the Securities and Investments Board, the Department of Trade and Industry and a number of City trade groups, including that representing small brokers.

The London International Financial Futures Exchange is believed to have resisted the change, arguing that reducing the level of transparency would harm trading in the FTSE-100 futures contract.

Under the proposed rule change, it would be left to each securities house to decide for itself, with the use of internal compliance officers, when 90 per cent of its risk had been laid off.

Regulators hope that the concession to the marketmakers, though reducing disclosure of block trades, will lead to greater disclosure of other routine transactions.

Dell warns of loss and revises lending

By Louise Kehoe in San Francisco

DELL Computer's share price fell sharply yesterday when the US personal computer manufacturer warned of a second-quarter loss after writedowns and restructuring charges.

Dell said the losses would be between $1.65 and $1.85 per share and pre-tax charges would amount to $75m to $85m for the quarter to August 1.

The projected loss might place the company in default of the terms of its credit facilities, it said. It was working with its lenders to revise the terms. "I am confident that we will be able to secure alternative financing or obtain a waiver," said Mr Thomas Meredith, chief financial officer.

A long-time favourite among Wall Street investors, Dell has become the fifth largest PC company in the world by pioneering direct marketing of PCs through mail and telephone sales. Its sales tripled to $2bn in the past two years.

Yesterday, however, Dell's share price dropped to $13¾, a 2½-year low, before regaining some ground to trade at $16¼ at midday, down $3 from Tuesday's close and 67 per cent below its high of $49⅞ in January.

Dell expected to report second-quarter revenues of $710m to $730m, a 55-60 per cent advance on the corresponding period. Total revenues for fiscal 1993 would be about $3bn.

"Hypergrowth" was at the root of its problems, it said. Management controls had not kept pace with the rapid expansion of sales.

According to analysts, it also faces "credibility problems". In May, Dell reported a sharp drop in first-quarter earnings, which it blamed on delays and cancellation of notebook computer products.

Analysts then expressed concern that Dell's problems appeared to go beyond notebook computers. Yesterday, their fears were confirmed.

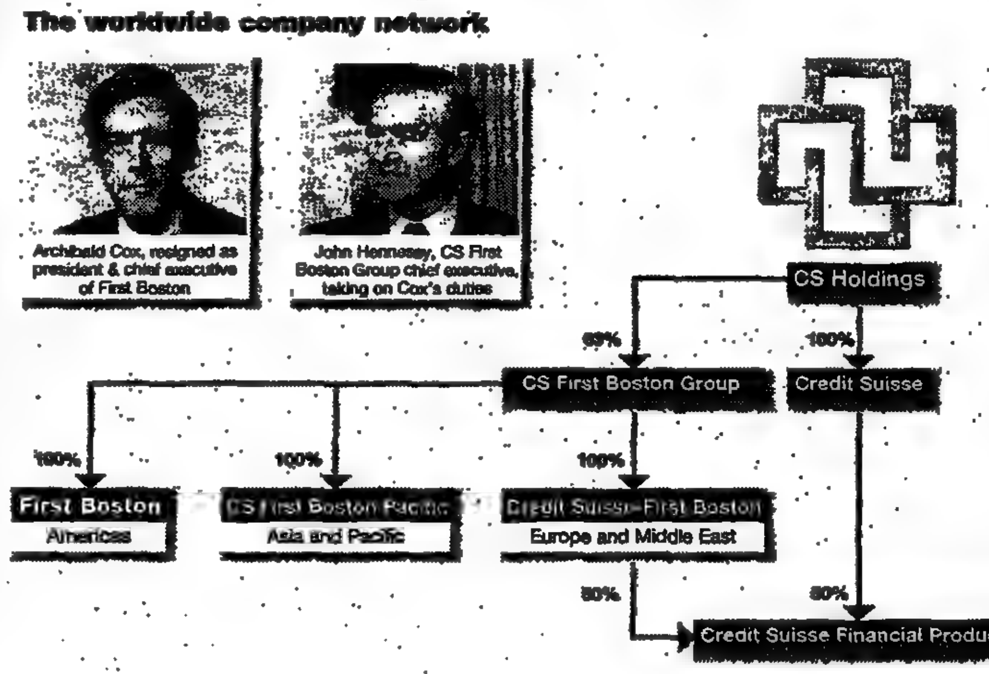
Dell said that in addition to costs associated with the delayed and cancelled notebook products, it would incur restructuring charges.

It expected to resume earnings growth by the fourth quarter of the fiscal year. "While the loss is certainly disappointing, we are determined to take the steps necessary to strengthen Dell for the future," said Mr Michael Dell, chairman and chief executive.

Richard Waters and Patrick Harverson on a case of banking turmoil

CSFB struggles to tame its personalities

The worldwide company network



Archibald Cox, resigned as president & chief executive of First Boston

John Hennessy, CS First Boston Group chief executive, taking on Cox's duties

The powerful personalities of its top executives have always been both one of the biggest strengths and one of the biggest weaknesses of CS First Boston, the New York-based investment banking group.

Both Mr Archie Cox, appointed head of its First Boston subsidiary in the US three years ago, and Mr Hans-Joerg Rudloff, who turned its London-based Credit Suisse First Boston arm into one of the top houses in the international capital markets during the 1980s, had a high profile at their respective firms.

Yet personality clashes and business rivalries, particularly between New York and London, have held back CS First Boston at a time when rivals like Goldman Sachs and Morgan Stanley have extended their reach into the international investment banking business.

CS First Boston has made various attempts to overcome the divisiveness. Last month, for instance, it announced a reorganisation based on product lines rather than geographic regions.

Mr Cox's sudden resignation on Tuesday evening, following Mr Rudloff's similarly abrupt departure in March, strengthens the impression that the group is trying to slough off its image as a collection of rival personal fiefdoms.

The precise disagreement that sparked Mr Cox's resignation – officially for "personal reasons" – remains unclear, but it was not hard to see the tensions building. The management reorganisation, begun earlier this year, had eaten into Mr Cox's control over First Boston, making him one among a small group of new senior managers, albeit the most powerful.

He had been named worldwide head of equities and co-head of investment banking. Alongside him sat Mr David Mulford, a former US Treasury secretary and Mr Rudloff's successor in London, as co-head of investment banking. Two other rising stars were also grabbing at his coattails: Mr Bob Diamond and Mr Allen Wheat, joint heads of fixed income.

The shake-up had coincided with a move by Mr Jack Hennessy, chief executive of CS First Boston Group and a former head of the US subsidiary, to assert greater control over the business.

Insiders report that Mr Hennessey has taken a more prominent role since the upheaval began. He will take on Mr Cox's duties until a replacement is found. The relationship between Mr Cox and Mr Hennessy was reportedly a turbulent one. "There was clearly a conflict between two personalities," said one observer.

If the shake-up had increased the pressure on Mr Cox, then so had a near rebellion in New York over the disappointing level of 1992 bonuses. While competitors have been raking in record profits amid the biggest bull market the securities industry has seen, CS First Boston's earnings have proved disappointing. Last year, the group reported net income of $175m, down 19 per cent from the $215m earned in 1991.

In the US markets, First Boston has been struggling to stem a decline in its share of the profitable securities underwriting business. Although First Boston's share of all corporate debt and equity underwritten in the US held steady at 9.6 per cent in the first half of this year, its share of investment grade bond issues – a traditional strength at the firm – fell from 9.2 per cent to 8 per cent, dropping the firm one place to sixth in the league table of Wall Street underwriters.

The group has also been hampered by a poorly performing European operation. Analysts in London have estimated that earnings from CSFB's UK unit fell 20 per cent last year to a meagre $20m. The high cost of its move to new offices and heavy investment in developing business in Eastern Europe, together with a poor trading performance in the last part of 1992, accounted for the decline.

London's decline led bonuses in New York to be pared back, prompting disatisfaction there and a number of senior defections among traders. This mirrored a similar wave of disaffection that swept through London three years ago, when poor results in New York meant that London-based executives were unable to reap the rewards of a bumper year.

The shake-up at the top is far from over. CS First Boston's new crop of senior managers are as powerful as their predecessors, and it is as yet unclear which of them will rise to the top. The ambitious Mr Mulford was seen within the firm as a pretender to the top investment banking job even before Mr Cox's departure.

Mr Wheat, meanwhile, has created the group's biggest profit earner in its derivatives unit, Credit Suisse Financial Products, and brushed off any suggestions that he was about to be sidelined by Mr Mulford's arrival.

The question now is who will replace Mr Cox in the powerful New York job. According to one observer, Mr Hennessy is a "hard-driving taskmaster" who is not easy to work with. It may be that someone other than him will be needed to run the US operation, possibly an outsider who does not have "any IOUs at the firm". The appointment will be the most important yet in what has already been a year of big change.

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Tiphook falls into loss after change to US-style accounting

By Andrew Bolger in London

SHARES in Tiphook fell by 27p to 259p after the UK transport rental company announced a change in accounting policy which wiped out its profits.

Mr Robert Montague, chairman, said accounting policy was being changed to reflect the increasing number of US shareholders.

The proportion of the group's equity held as American Depositary Receipts has risen from 2 per cent in 1991 to just over 50 per cent. About 65 per cent of the group's £1.16bn ($1.74bn) borrowings are in the US.

Annual profits before tax and various charges fell from £86.4m to £55.5m, in line with analysts' reduced expectations. However, Tiphook said that from now it would report in dollars and the results would more closely reflect US accounting conventions.

The group said applying the new accountancy policy led to predominantly one-off charges of £77.3m, giving a pre-tax loss of £21.8m in the year to April 30. Turnover increased marginally from £322m to £324m.

One analyst said the changes "just muddy the waters further".

The drop in the proportion of UK shareholders – from 60 per cent to less than 30 per cent of the equity – reflects the disgruntlement of UK institutional investors, who have seen the group's share price halved in less than two years.

Some shareholders have pressed for more non-executive directors and expressed concern over the high remuneration enjoyed by executives. Mr Montague said there were no plans to change the board. Tiphook would remain domiciled in the UK.

He added that US investors seemed more comfortable with leasing companies such as Tiphook, which although heavily geared were strongly cash-generative. Operating cashflow in the year had been £163.9m, down 13 per cent.

Tiphook said its biggest business, containers, had shown resilience to the recession. Utilisation had averaged 82 per cent, compared with 88 per cent, but average rental rates fell by less than 2 per cent.

Under the new standard, there was a loss per share of 41.2p, compared with earnings of 46.3p. A final dividend of 14.4p gives a total of 21.2p, against 19p.

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Retail investors apply for 800m BT shares

By Roland Rudd in London

RETAIL investors have applied for more than 800m shares in the UK government's sale of its 21.9 per cent holding in British Telecommunications, compared with institutional applications for more than 1.2bn shares.

The government has earmarked 50 per cent of the 1.2bn new BT shares on offer for UK investors but has retained the right to raise this figure to 67 per cent.

After yesterday's close of the UK public offer, telecommunication analysts said the Treasury was less likely to claw back more shares from the institutional offer.

The government will raise more money from the £5bn ($7.6bn) sale if it gives the institutions, which are paying more for the shares, half of the total allocation.

The final decision on allocation will not be taken until tomorrow morning.

As the UK public offer closed, the Share Information Office and larger share shops reported that around 1.4m applications had been received although this figure could rise after the final count.

More than half of BT shareholders and employees have applied for shares, compared with 15 per cent in the last sale of BT shares held by the government in 1991.

Retail investors have on average applied for 600 shares at a total cost of £900. The first instalment for small shareholders is 150p, compared with 160p for institutions.

The international offer remains open until 4pm tomorrow.

The government will over the weekend announce the price of the third instalment in the partly-paid issue.

Institutions have been pitching for allocations at 10p above the market price.

S.G. Warburg, the government's global co-ordinator, may buy back the partly-paid shares after they start trading on Monday. This is part of its stabilisation programme devised to create an orderly after-market.

Some telecommunications analysts expect the price of the partly-paid shares to rise after trading and then fall slightly as an artificial market has been created in existing BT shares in the run-up to the sale.

S.G. Warburg has warned institutions not to dump their existing shares before the sale in the hope of buying them back cheaply.

Analysts say that the lower than usual volume of share trading before the sale is evidence that the share price is artificially high.

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NEWS IN BRIEF

German DIY group plans flotation

HORNBACH Holding, the German holding company controlling a group of home improvement stores, said it planned to float DM15m ($9.4m) worth of ordinary shares in its Hornbach-Baumarkt unit, Reuter reports from Mannheim.

Mr Otmar Hornbach, the chief executive, said the issue price would be based on the current market price of preferred shares in the holding company. Existing shareholders can buy three new shares for every eight held.

■ Sandoz, the Swiss pharmaceuticals and chemicals group, said Mac, its Italian subsidiary, has acquired Veneziani from MaxFin of Milan. MaxFin is a member of the Varasi group, Reuter reports from Zurich.

Veneziani is a leading manufacturer of high-performance corrosion protection products for the construction industry. It was founded in 1863 and achieved sales of more than L40bn ($27m) in 1992. It employs 130 people in two plants. The terms for the sales were not disclosed.

■ Banco Central Hispano is about to buy a 10 per cent stake in Antena 3 Television from the private television station's former chairman, according to El Pais, the Spanish newspaper, Reuter reports from Madrid.

BCH said the bank would pay approximately Pta5.5bn ($44.3m) for the stake owned by Mr Javier Godo, a Spanish financier who holds interests in print and broadcast media.

Banesto's industrial arm, La Corporacion Banesto, reportedly controls 35 per cent of Antena 3 while the Spanish publishing group Grupo Zeta holds 24 per cent.

■ Viag, the diversified utility group, will ask shareholders to authorise capital increases of up to DM150m ($87m), Reuter reports from Bonn.

Mr Alfred Pfeiffer, the management board chairman, said that it was necessary to finance expansion measures to the fullest. He said the authorisation would allow Viag to issue warrants if necessary.

Viag would sell operations such as its North American standard metallurgy business, the technical ceramics operations of Didierwerke and the secondary activities of VAW Aluminium Werke.

■ Petrofina, the Belgian oil group, said its wholly-owned Fina Exploration Minh Hai BV unit would sell a 15 per cent interest in an oil concession covering three blocks in an offshore area to the south of Vietnam to Japanese oil companies Cosmo Oil and Japan Petroleum Exploration, Reuter reports from Brussels.

Petrofina said the sale was subject to ratification by the Vietnamese authorities. No further details were given.

The blocks in the Gulf of Thailand are located 200 miles off the Vietnamese coast. A drilling programme to begin exploration of the sites is was scheduled for August.

Fina Exploration Minh Hai is the operator and will retain a 40 per cent interest in the concession. The other partners are the UK's Enterprise Oil with 25 per cent and Sodec, a unit of the Royal Dutch/Shell Group, with a 20 per cent stake.

Rights issue by Banesto in strong demand

By Tom Burns in Madrid

BANESTO, the Spanish commercial bank, yesterday claimed strong demand for its 3-for-1 rights issue, designed to improve the institution's weak capital base by raising some Pta52.6bn ($395m).

Mr Mario Conde, chairman, said 25 per cent of the rights had been subscribed within the first five days of trading. The issue is the first stage of a three-part plan to increase the bank's capital, and the response means J.P. Morgan's $1bn Corsair fund, which has committed $200m to Banesto, may reserve its investment for the second tranche.

In the second stage, Banesto will place 22.2m shares with investors, including the US institutions grouped in the Corsair fund and Mr Conde. Banesto shares are trading at slightly over Pta2,000 each. The new shares in the rights issue are priced at Pta1,500 and the shares in the placement at Pta1,900.

Mr Conde said fee commissions had realised Pta10.5bn in the second quarter of 1993, up 11.5 per cent on the first quarter and 21 per cent on the last quarter of 1992.

Average monthly borrowing on the interbank market had been reduced from Pta587.9bn in May to Pta236.6bn last month, Mr Conde said. Bad debts totalled Pta213.7bn in the second quarter, against Pta219.5bn in the first quarter, and provisions now cover 56 per cent of bad debts against 46.5 per cent at end-1992.

He said Pta18.3bn had been set aside for bad debts in the second quarter following a Pta10.7bn allocation in the first three months. Total provisions in the first six months of this year are already up on last year's total of Pta24.7bn.

The third tranche of the capital raising effort will be a $400m convertible bond with a coupon of between 6 per cent and 7 per cent. A final decision on the timing will be taken after subscription of the rights issue and the share placement ends in the first week of August.

Finmeccanica to take over seven companies in reorganisation

Efim defence transfer agreed

By Robert Graham in Rome

THE reorganisation of the companies in Italy's troubled defence sector was brought a step closer yesterday.

The government has allowed the defence companies in the portfolio of Efim, the state industrial holding placed in liquidation a year ago, to be taken over without payment by Finmeccanica, the main industrial and high-technology arm of IRI, the state holding company.

Efim possesses seven main defence groups employing 11,400 people with turnover of L2,269bn ($1.4bn).

However, the holding company's defence portfolio has been dogged by heavy losses, notably in Agusta, the helicopter producer which last year reported losses of L858bn.

The principal problem has been to find a formula which would guarantee the survival of these companies, at least those with recognised leadership in technology, and to keep sufficient control within Italian hands.

Since January, Finmeccanica has been managing the Efim defence interests on a temporary six-month contract.

Finmeccanica said that it was only willing to take over the Efim defence companies if their balance sheets were thoroughly examined and the government agreed to outline a clear programme of defence needs and procurement plans.

Only on this basis, Finmeccanica argued, could the companies be absorbed and rationalised, fitting into its own defence interests grouped around Alenia, the aerospace group. Otherwise, Finmeccanica said it could only undertake to run the companies as an operator without financial responsibility – at least so long as they were loss-making.

The government failed to come up with a defence procurement programme by June 30, and a decision was delayed for a further 15 days.

Yesterday's move appeared a hurried attempt to put in place the outlines for what will be a more timely process of guaranteeing work in the framework of a defence procurement programme.

With Alenia concentrating on aerospace business, radar and electronics, the Efim companies could provide a useful complement, embracing armaments, helicopters and transportation.

However, at least 3,000 of the existing Efim jobs will have to be lost.

In a separate development, representatives of foreign banks, owed L4,400bn ($3bn) as a result of Efim being put into liquidation and payments being frozen, yesterday met Treasury officials in Rome.

They are understood to have pressed the Treasury to urge Brussels to lift its veto, imposed more than three months ago, on about L7,000bn of funds earmarked by the Italian government for Efim creditors and suppliers.

Of the L9,000bn agreed by the government to fund the liquidation and cover outstanding Efim debts, L2,000bn has been agreed by Brussels.

Thyssen Industrie divisions see return to black in next two years

THYSSEN Industrie, the capital goods division of Thyssen, hopes to bring all of its divisions back into the black in the next two years, according to Mr Eckhard Rohkamm, management board chairman, Reuter reports from Essen.

Mr Rohkamm said that if all divisions were able to remain profitable under difficult economic conditions, the company would be able to boost lift its sales to earnings ratio.

"Thyssen Industrie as a whole is still profitable and will remain so to the end of the year. But unfortunately we have some areas that are making losses," Mr Rohkamm said.

He declined to say which companies would post a loss in the current year but said automotive supply and engineering were hit hardest by the slump in car and steel industries.

"When a big customer such as the car industry and a second large customer such as the steel industry are having massive problems . . . then, of course, areas that are dependent on steel and cars are massively affected," he said.

He said there were no signs yet of a recovery of group plant and equipment orders.

Orders on hand were about DM9bn ($5.6bn) but group incoming orders would be down 10 per cent from DM8.4bn a year earlier.

Thyssen Machinenbau, the engineering division, was up to 90 per cent dependent on orders from the car industry, he said. The automotive industry accounted for 28 per cent of Thyssen Industrie's total sales.

While continental European carmakers were gripped by recession, Thyssen Industrie operations in the US and UK had benefited from rising car sales. Tallent Engineering, its UK unit, was working at high capacity and showing a very satisfactory development, he said.

BPI makes defensive stock sale

By Peter Wise in Lisbon

BANCO Portugues de Investimento (BPI) has reinforced its central core of shareholders by selling 7 per cent of its Treasury stock to Itausa, the Brazilian group.

The sale is seen as a defensive move against Banco Santander of Spain, which has been buying BPI shares for the past three months. Santander, with its partner, the Royal Bank of Scotland, bought out Portugal's Banco Comercio e Industria three years ago.

BPI is using the Itausa group as a white knight. As part of the deal, BPI purchased the Brazilian group's 12 per cent holding in another Portuguese bank, Banco Fonsecas e Burnay (BFB) for Es7.1bn ($44m) and at the same time sold the Brazilians 7 per cent of its own Treasury stock to strengthen its position against Santander's approach.

The company has a widely dispersed spread of shares among many relatively small shareholders. But there is a core of investors who have signed a pact to sell to each other if they plan to quit the bank.

Court puts off decision on Ciga

By Haig Simonian in Milan

A MILAN court yesterday postponed for the second time a decision on the future of the controlling stake in the Ciga luxury hotels chain, held by Fimpar, the holding company controlled by the Aga Khan.

The postponement means trading in Ciga and Fimpar shares, suspended seven weeks ago, is unlikely to resume soon. The court put off a decision until October 5.

The stake has been frozen since a German arm of the IMI financial services group, which led a $100m credit to Fimpar, sought court approval for a freeze on Fimpar's assets. The credit, which matured earlier this year, has not been repaid, nor has it been renewed.

The court's decision to freeze Fimpar's assets pending a decision on the legality of IMI's claim prompted the suspension of trading in Fimpar and Ciga shares. IMI turned to the courts in an indirect attempt to gain representation for Fimpar's foreign bank creditors in the restructuring plan for Ciga being prepared by Mediobanca, the Milan merchant bank.

Marion Merrell Dow restructures

By Paul Abrahams

MARION Merrell Dow, the pharmaceuticals group 70 per cent owned by Dow, the large US chemicals company, yesterday announced a sweeping package of measures to reduce costs by about $250m a year.

The restructuring, including a 13 per cent cut in staff, rationalisation of research and development, and other cost-cutting measures, will lead to a special pre-tax charge of about $180m. Most of the $250m savings should be achieved this year.

Mr Fred Lyons, MMD president, said: "We are moving aggressively to realign our business, both to improve current results in face of rapidly changing conditions and to prepare for the longer-term opportunities."

The measures were principally in response to the growing importance of the "managed" (bulk discount) care sector in the US, Mr Lyons said. MMD is a leader in managed care, from which it generates about 40 per cent of its US sales.

The rationalisation is also a response to a series of blows in recent months. Sales of Nicoderm, the best-selling smoking patch in the US, collapsed this year as the smoking cessation market, worth $800m in 1992, fell to $350m.

MMD has also been affected by the expiry last November of the US patents of its best-selling product, the heart drug Cardizem, which had sales last year of more than $1bn. Sales of Seldane, its anti-histamine, have been undermined by safety concerns. Business in Europe has also been affected by healthcare reforms in Germany and Italy.

The company plans to cut as many as 1,300 jobs from its workforce of 9,800. Most of the reduction will be in the US. The figure includes cutting 275 full-time US sales representatives and 200 part-time sales positions.

MMD saw first-quarter turnover fall 21 per cent to $617m from $779m and pre-tax profits decline 56 per cent to $74m.

It said it would focus its R&D on specific projects, including a Seldane metabolite that would not have the side effects now associated with the product; Sabril, an anti-epileptic; and allergy products.

Last year, MMD formed a joint venture with SmithKline Beecham, the Anglo-American healthcare group, to develop and market over-the-counter medicines in the US.

Genentech results show sharp increase

By Richard Waters in New York

GENENTECH, the US biotechnology company 60 per cent owned by Roche of Switzerland, lifted second-quarter net income to $10.4m from $3.4m a year earlier, driven by a jump in income from product sales and licensing.

The increase in earnings per share to 9 cents, up from 3 cents a year earlier (though below the 12 cents of the first quarter), helped to lift the company's shares by $⅞ to $44¼ by midday in New York.

Sales of Activase, the heart drug which is the company's biggest-selling product, continued to recover from the decline which had largely accounted for a slump in the company's 1992 earnings.

Following results at the end of April from a 40,000-patient trial, sales of Activase rose to $55.8m in the quarter, up from $49.2m in the first three months and $44.6m in the second quarter of 1992.

Overall, product sales increased to $110.8m ($95.8m in the second quarter of 1992).

Contract income jumped from $5.3m to $24.3, due largely to an $18.2m contribution from a three-year licence agreement with Schering. Total revenues were up to $169.8m, from $153m in the first quarter and $136m in the second three months of 1992.

The company's normally high research and development spending jumped further, to $83.9m ($73.3m), as it took a charge of $13.7m to end an agreement involving the Research Institute of Molecular Pathology in Vienna.

The R&D effort yielded two significant developments in the quarter: the start of development work on a new heart drug and a decision by the US Food and Drug Administration to review Genentech's cystic fibrosis treatment.

On the former, Mr Kirk Raab, chairman, said: "If this molecule performs as well in the clinic as it does in the laboratory, it could advance the treatment of heart attack even further than Activase has."

Charles Schwab ahead at $31.6m but growth slows

By Patrick Harverson in New York

CHARLES Schwab, the largest discount brokerage house in the US, yesterday reported a big increase in second-quarter profits to $31.6m, up from the $18.5m earned in the same quarter of 1992.

Like other securities houses, however, Schwab's profits in the second quarter were slightly lower than in the first period of the year, when the firm earned a record $35.4m.

The downturn in earnings suggests that while Wall Street continues to benefit from a two-year boom in stock market and underwriting activity, the pace of growth has slackened over the past three months.

Yesterday, the San-Francisco based firm said that client trading activity in June was the softest of any month this year.

Mr Charles Schwab, chairman, said he also expected retail trading activity to weaken in the third quarter, although he believed the firm's results for that period would still be an improvement on the same period of 1992, when Schwab earned a below-average $7.8m.

Commission revenues rose 34 per cent to $136m, mutual fund service fees by 53 per cent to $23.1m, and principal transactions revenues by 30 per cent to $39.3m.

Non-interest expenses rose 26 per cent to $180.4m, primarily due to increased trading activity and an 8.5 per cent rise in client assets to a record $79.2bn.

Shares in Schwab rose initially on the earnings announcement, but then fell back from close to a year-high on profit-taking. By late morning the stock was trading at $28, down $1.

TV network boosts CBS to $107.4m

By Karen Zagor

CBS, which owns one of the three US television networks, posted unexpectedly strong second-quarter earnings of $107.4m, or $6.73 a share.

The group predicted record earnings from continuing operations for the full year.

A year earlier, CBS posted net earnings of $69m, or $4.46. Earnings in the 1993 quarter included a one-time pre-tax gain of $14.2m. Sales grew to $835.8m from $779.9m.

On Wall Street, shares in CBS rose $10 to $247⅞ at midday. The improved earnings were attributed to better results from the company's television network, which is benefiting from higher advertising sales, cost containment and its leading position in the prime time market.

For the first half, CBS recorded net profits of $161.6m, or $10.23 a share, on sales of $1.71bn.

In the first six months of 1992, the group took charges for accounting changes of $81.5m, which reduced net income to $5m, or 32 cents, on sales of $1.86bn.

Mr Laurence Tisch, chairman and chief executive, said the company's television network saw sales grow by 8 per cent in the latest quarter.

He added that CBS expected to exceed significantly its record full-year earnings from continuing operations of $11.54 a share, set in 1989.

Federal Express shares soar as profits rise 56% in fourth term

By Karen Zagor in New York

SHARES in Federal Express jumped yesterday morning after the US's biggest overnight delivery company unveiled a 56 per cent increase in fourth-quarter profits, reflecting reduced international losses.

At mid-session, shares in the Memphis-based company were up $5⅞ at $52¼ after a delayed opening following the earnings release after Wall Street's close on Tuesday.

The company said it was talking to Lufthansa, the German airline, about buying passenger aircraft to be converted to freighters in a deal that could be worth about $400m.

For the three months to May 31, Fedex posted net income of $55.8m, or $1.01 a share, compared with $35.8m, or 66 cents, a year earlier. Revenues rose 8 per cent in the last quarter of fiscal 1993 to $2.04bn from $1.89bn the previous year.

Operating income in the quarter rose 24 per cent to $136.5m from $109.8m.

In the latest quarter, the international business showed some improvement. Operating losses narrowed to $25.4m on revenues of $539.2m from an operating deficit of $53.2m on revenues of $536.1m a year ago.

Mr Alan Graf, chief financial officer, expects international operations to break even by fiscal 1995 or earlier.

For the full year, Fedex had net income of $53.9m, or 98 cents, compared with a loss of $113.8m, or $2.11, the previous year. Results were distorted by one-time charges in both years, including the adoption of new accounting standards in fiscal 1993 and a pre-tax $254m charge for restructuring.

Stripping out extraordinary items, the company earned $109.8m, or $2.01, in fiscal 1993, against $54.7m, or $1.01, a year earlier. Revenues rose to $7.81bn from $7.55bn.

In the US, the average price per package fell faster than costs, contributing in a decline in domestic underlying operating income to $559.2m from $835.9m a year ago.

First Chicago net up at $160m

By Richard Waters

A RISE of 75 per cent in non-interest income at First Chicago, the thirteenth-largest bank in the US last year ranked by assets, pushed net income up to $169m, or $1.81 a share, from $35m, or 32 cents, a year earlier.

Increased income from trading in financial markets and a further strong performance by the bank's venture capital investments largely accounted for the rise.

Profits from trading short-term interest rate and bond derivatives, and from trading in emerging markets, lifted dealing profits to $92m.

Meanwhile, venture capital holdings turned in earnings of $57m, or 67 cents, against a $21m loss a year earlier.

Non-interest income was also boosted by a rise in credit-card fees during the quarter to $164.2m from $116.6m in the same period in 1992. Total non-interest income leapt to $540m from $288m.

Net interest income edged ahead to $303m from $290m as First Chicago continued to shrink its loan assets. These fell to $22bn from $25bn, resulting from securitisation of $1bn of credit-card receivables and a continuation of the move away from lending to large companies.

Lending to small and medium-sized companies in and around Chicago remained steady. Loan demand from this sector had begun to strengthen, though the bank had not relaxed its credit policies, said Mr John Ballantine, chief credit officer.

The work-out of troubled real-estate loans continued, with the disposal of nearly $200m of assets to leave a portfolio of $402m.

The gains during the quarter pushed the bank's return on capital to 21 per cent, and enabled it to raise key tier one capital ratio to a comfortable 8 per cent, from 6 per cent as recently as last September.

Rubbermaid advances to $50.6m

By Karen Zagor

RUBBERMAID, the household plastic goods company, yesterday posted a 16 per cent improvement in second-quarter net income on sales which rose 9 per cent, reflecting the success of new products and aggressive marketing which helped lift volume in the quarter.

For the three months to June 30, net income was $50.6m, or 32 cents a share, on sales of $488.5m, against earnings of $43.7m, or 27 cents, on sales of $449.1m a year earlier.

Mr Wolfgang Schmitt, Rubbermaid's recently-appointed chief executive, said: "We intend to deliver another record year in 1993. New product efforts have been intensified with plans to exceed 1992's level of introducing, on average, a new product every day of the year.

"With the momentum of these new products and some firming in the economy, we would expect second-half sales comparisons to exceed those of the first half," he said.

Mr Schmitt added that the company continued to emphasise cost controls and productivity improvement.

He was named chairman of Rubbermaid in November after the unexpected resignation of Mr Walter Williams following an examination ordered by outside directors of budget overruns in Rubbermaid's commercial products division. Mr Williams is said to have resigned for personal reasons, unconnected with the examination.

For the first six months, Rubbermaid had net income of $100.2m, or 63 cents, against $67.4m, or 41 cents, a year ago.

Gencor unit in R1.25bn share swap

By Philip Gawith in Johannesburg

GENBEL, the investment arm of Gencor, South Africa's second largest mining house, has announced two large share swap transactions, valued at R1.25bn ($372m), which will expedite the unbundling of the Gencor group.

In a tidying-up exercise preceding the planned unbundling, Genbel has exchanged its foreign interests as well as a portfolio of mining shares for shares in Engen, Sappi and Beatrix, three other companies in the Gencor stable. The portfolio is valued at R862m.

In a second share exchange with Sankorp, Gencor's ultimate controlling company, Genbel has exchanged R385m worth of Sappi and Engen shares for R50m in cash plus shares in ABSA, Murray and Roberts, Malbak and Mercedes Information Technology.

From a Gencor perspective, the deal achieves two main aims: it means they will have fewer Engen and Sappi shares to distribute when the unbundling is effected, and it also consolidates their control of various mining companies, notably Kinross, Impala, Samancor, Trans-Natal and Winkelhaak.

Getting access to offshore assets will also assist Gencor if it makes a bid for Billiton, the mining arm of the Royal Dutch Shell group with which it is currently in discussion.

Genbel's offshore interests (valued at R512m) consisted of shares in TransAtlantic Holdings, cash and minor exploration ventures in Turkey. These interests, plus R350m worth of shares in the five mining companies, have been exchanged for 8.9m Engen shares, 12.4m Sappi shares and 5.1m Beatrix shares.

Banacci posts earnings up 9%

By Damian Fraser in Mexico City

FINANCIERO Banamex-Accival, Mexico's largest financial group, reported an equivalent of net earnings of 663m pesos ($211m) in the second quarter, 8.9 per cent up from the same period in 1992.

However, earnings at Banamex, the group's bank, dropped by 18.7 per cent to 526m pesos, and at Accival, the brokerage, by 46.3 per cent to 37m pesos.

Banacci's earnings would have fallen by 11.4 per cent if a revaluation of assets had been excluded.

Most Mexican financial groups exclude revaluation of assets from net earnings. Banacci reported a revaluation of 29m pesos, compared with a large deficit in the second quarter last year.

It said a significant portion of the surplus was due to an appreciation of securities held by its subsidiaries, which if realised, would have been reported as trading income.

The group blamed the sharp fall in Banacci's income on the slowdown in the Mexican economy and the stringent monetary and credit policies of the government.

NEWS DIGEST

Varity wins VW brakes contract

VARITY, the the Buffalo-based industrial group, has won a long-term contract, valued at more than $135m annually, to supply anti-lock braking systems to Volkswagen in Germany, Reuter reports.

Varity's Kelsey-Hayes will supply its latest EBC 10 line of braking systems to Volkswagen beginning in 1996, for use in the 1997 model year.

This is the third large European contract for the system won by Kelsey-Hayes since it introduced its products overseas in 1991, the company said.

It predicted that Europe's anti-lock braking systems market would grow to 60 per cent of all vehicles manufactured there in 1997, compared with 25 per cent today.

AlliedSignal buys Data Control

ALLIEDSIGNAL, the US aerospace and automotive group, is to buy the Data Control unit from Sundstrand of the US, for $195m. The deal is expected to close in September, Reuter reports.

The business, with 1992 sales of $194m, makes avionics products for data management, ground hazard avoidance, general aviation communications, navigation and instrumentation.

Allied said the deal would contribute to 1994 earnings, but did not elaborate.

Separately, Sundstrand which makes aerospace components, said its second-quarter earnings, to be released this week, would be up from the second quarter of 1992 but the company was "disappointed with the overall level of our earnings momentum."

It added that the sale of its Data Control business to AlliedSignal for $195m would result in a significant, non-recurring financial gain.

Shell expands in Canada

SHELL Canada has strengthened its natural gas reserves in the Sable Island area off Nova Scotia in a property exchange with Petro-Canada, writes Robert Gibbens in Montreal.

Petrocan has acquired Shell's 5.3 per cent stake in the Terra Nova oilfield off Newfoundland, increasing its interest to 49 per cent.

In exchange, Petrocan has transferred part of its minority interests in six gasfields in the Sable Island area to Shell. This means Shell now has a 25 per cent share of 3,700bn cubic feet of gas reserves about 175 miles east of Halifax.

Most of the gas reserves were found in the mid-1970s in an exploration programme led by Shell. However, Shell and partners have no plans yet to develop the gas.

Seagram forms Polish venture

SEAGRAM, the Canadian drinks group, has formed Seagram Polska, a wholly-owned marketing, sales and distribution operation in Poland, AP-DJ reports.

The unit will market and distribute an extensive range of premium international spirits and wine brands.

PET plant for Indonesia

JAPAN's Mitsubishi Kasei will build the first polyethylene terephthalate (PET) resin plant in Indonesia at a cost of about $80m, AP-DJ reports from Tokyo.

Construction of the 40,000 tonne-per-year plant will begin this year in partnership with Indonesia's Bakrie and Brothers. The plant will be operational in mid-1995, according to Mitsubishi Kasei.

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Dream seeks bankruptcy protection

By Robert Thomson in Tokyo

DREAM, a Japanese civil engineering company turned pinball parlour operator and stock speculator, has filed for bankruptcy protection with the Nagoya District Court.

The failure of Dream, which has about Y50bn ($462m) in outstanding debts, also raises doubts about the future of Gajeon Kanko, a stock market-listed hotel operator, which admits that Dream pays its employees' salaries. Trading in Gajeon Kanko stock was suspended yesterday.

Dream's filing highlights the extreme pressure on companies which thrived in the easy money days of the late 1980s, but which are now facing huge losses on stock and property investments. They are also finding funds difficult to raise, as once-friendly banks are refusing to provide fresh loans.

Both companies are linked to the already collapsed Cosmopolitan speculators' group, which bought stakes in dozens of companies during the 1980s, including a range of regional banks, which were expected to fund its investment activities.

Former Cosmopolitan executives boasted of gangster links, although the claims could have been an attempt to lubricate the company's many attempts at "greenmail", forcing companies to buy off spurious takeover attempts.

Dream is still the largest shareholder in Gifu Bank, a conservative regional bank based in central Japan. While Dream, which operates pachinko (Japanese-style pinball) parlours, holds 5.5 per cent of the bank, it is understood that most of the company's funds have come from independent finance companies.

For the year ended March, 1993, Dream reported a pre-tax loss of Y3.3bn and shortly after acquired 10m shares in Gajeon Kanko for Y2bn, which the company now says was never paid. With the allocation of the shares, Dream had acquired 21 per cent of Gajeon, making it the biggest shareholder.

The complex links among the many speculator groups in Japan have led to Gajeon being caught up in the scandals surrounding Itoman, the large textile trader taken over by the Sumitomo group this year following a string of investments in stocks, property and French impressionist paintings.

Mr Tsutomu Kudo, Gajeon's president, yesterday said his company had no collateral for the Y2bn in stocks given to Dream, nor is there a formal loan contract between the two companies.

Apart from highlighting the influence of speculator groups, the Dream and Gajeon sagas have also drawn attention to auditors in Japan.

Two years ago, an auditor approved, then rejected, and then approved Gajeon's accounts, though little new information was provided.

Second-term loss at Alcan Aluminium

By Robert Gibbens in Montreal

ALCAN ALUMINIUM, the Canadian aluminium group, faced with weaker ingot and fabricated product prices, posted a second-quarter loss of US$35m, or 18 cents a common share, against a loss of $29m, or 15 cents, a year earlier.

Sales and operating revenues for the quarter were 5 per cent lower at $1.86bn.

For the first six months, Alcan's loss deepened to $55m, or 29 cents a share, compared with a deficit of $44m, or 24 cents, a year earlier. First-half sales and operating revenues were $3.6bn, against $3.8bn.

Second-quarter fabricated products volumes were stable but actual realised prices were down 9 per cent. Ingot shipments were slightly higher but realised prices were down 10 per cent.

The lower prices were partly offset by cost reductions and a weaker Canadian dollar. Interest costs were also lower.

Total shipments of ingot and fabricated products in the second quarter were 641,000 tonnes, against 610,000 tonnes, and in the first half roughly the same at 1.22m tonnes.

In Canada, where most of Alcan's primary production is located, losses were higher in the second quarter while US operations posted a loss, compared with a small profit in the 1992 period.

Latin America improved and posted a small profit. European results deteriorated with the recession and the Pacific suffered a small loss, reflecting poor results from the Japanese associate.

Alcan's results are the latest set of weak numbers to emerge from the industry. Earlier this week Aluminum Company of America, the world's biggest producer, reported a 21 per cent decline in second-quarter net income.

Inflated by imports from the former Soviet Union, world aluminium stocks are high and prices weak.

GM to restrict price increases

By Martin Dickson in New York

GENERAL Motors plans to hold back US price increases in the 1994 model year in an attempt to win back market share.

The company, in the throes of a restructuring to return loss-making North American operations to profit, said that in the model year starting in October, it would expand the "value pricing" marketing idea it initiated in 1993.

This involves dropping the price of certain models of vehicles equipped with popular levels of optional equipment. The idea is to lift sales and run GM's factories closer to capacity, to raise profits.

Mr Michael Losh, a GM vice-president, said value pricing had been a factor behind the resurgence of GM's North American sales this year.

The company's share of the US passenger car market fell sharply late last calendar year, to less than 31 per cent, when it cut back sharply on unprofitable sales to fleet buyers.

It has recovered this year and for June totalled 37.1 per cent, compared with 36.7 per cent a year earlier, but for the first half of 1993 it was down a point on 1992, at 35.3 per cent.

The recovery has been due to value pricing and because Japanese competitors, hurt by a strong yen, have been increasing their prices further.

Mr Losh said that in the 1994 model year, GM's prices would rise by 1.5 per cent, even though they were fitted with additional equipment.

Truck prices would rise by 2.2 per cent and the average price for GM vehicles would go up about 1.8 per cent.

Setback at International Paper

By Karen Zagor in New York

INTERNATIONAL Paper, the US forest products group, reported a 29.9 per cent downturn in underlying second-quarter earnings, reflecting slow growth in domestic markets and weak overseas economies.

The company warned that weakness in European and export markets would probably continue in the second half.

Net income for the three months to June 30 was $77m, or 62 cents a share, on sales of $3.5bn compared with earnings of $112m, or 92 cents, on sales of $3.4bn a year earlier.

Interest costs were considerably higher in the 1993 period, and in the 1992 quarter International Paper had benefited from tax-related interest income and higher capitalised interest attributable to two important European projects.

Stripping out income taxes, extraordinary items and the cumulative effect of accounting changes, International Paper earned $122m in the quarter against $174m a year earlier.

For the first six months, net income was $141m, or $1.14 a share, on sales of $6.9bn, against profits of $164m, or $1.36, on sales of $6.7bn in the same period of 1992.

Packaging operations saw sales decline to $890m from $925m, but the company's other leading business segments posted improved sales.

Mr John Georges, chairman and chief executive, said demand for printing papers had risen a few percentage points from last year. Increases in reprographic and coated groundwood papers had been made for the third quarter.

Hilton hit by lack of 'high rollers'

By Richard Waters in New York

A SHORTAGE of "high rollers" – gamblers willing to bet the largest stakes – at the Las Vegas Hilton contributed to a second-quarter decline in net income for Hilton, the hotels and gaming group, to $26.8m, or $0.56 a share, from $32.4m, or $0.68 a share, in the same period in 1992.

A strong rise in operating income from gaming had helped Hilton to shrug off flat operating revenues from its hotels division in 1992 and the first quarter of 1993.

In the three months to June 30, however, operating income from gaming fell slightly, to $37.4m from $37.5m.

The company blamed the result on a lack of gamblers placing large stakes at the tables in the Las Vegas Hilton, although it said the Flamingo Hilton in Las Vegas and its two hotel-casinos in Reno, Nevada, had done well.

The hotels division recorded unchanged operating income, at $29.7m. Continuing weakness in New York and Hawaii, and industry-wide pressure on rates, had accounted for the result, Hilton said. The hotel occupancy rate rose by one point, to 70 per cent, compared with the same quarter in 1992, but average room rates fell in a number of areas.

Turnover rose 17 per cent to $345.3m from $294.8m. Net income was struck after financing charges up to $17.7m from $13.2m due to the $300m of extra borrowing taken on last year to finance further casino developments.

Hilton said it had accelerated its development of casinos in New Orleans and Kansas City, both of which were expected to open in the first quarter of 1994.

NZ brewer placement may fund acquisition

By Terry Hall in Wellington

LION NATHAN, the New Zealand-based brewing and soft drinks group, announced yesterday that it may be about to mount a takeover bid for the brewing business of Australia's SA Brewing group.

Lion is raising NZ$260m (US$143m) through a private placing of equity, and yesterday's prospectus said the proceeds would be used to reduce debt and support the possible acquisition of the brewing operations of SA Brewing Holdings.

Mr Douglas Myers, chief executive, said his company, already the biggest brewer in Australia with some 40 per cent of the beer market, was tendering to buy the assets.

A spokesman said Lion had had extensive talks with institutions in Australia. He said that it was interested in SA Brewing, but that the price would "have to be right".

SA Brewing would make no comment yesterday. "We don't intend to make a statement on it," said Mr John Morton, SA Brewing's company secretary.

The company has consistently declined to comment on reports that it is planning to sell its brewing operations, which have been valued at up to A$350m (US$238m).

The group has suffered sluggish profits recently as a result of poor beer and packaging trading. For the six months to December, net earnings were just 1.1 per cent ahead at A$57.15m, although the outlook for the second half was said to be favourable.

In March, when announcing a big jump in half-year profits, Lion forecast satisfactory full-year profits but said tougher competition and difficult trading conditions in the Australian beer market would be a challenge.

Boosted by an acquisition, Lion's net profits for the six months to February rose 73 per cent to NZ$79.5m. Mr Myers said 3.6 percentage points of its key market share in New South Wales had been lost during the period.

Lion's share of the beer market was 40.7 per cent in Australia and 58.2 per cent in New Zealand.

The share placing is being made at NZ$3.05. It involves the issue of 49.8m new shares, representing 10 per cent of Lion, and the sale of 35.2m shares from its treasury.

Mr Myers said the move would significantly strengthen Lion's balance sheet. He said a more conservative balance sheet and greater Australian institutional support would form a strong base for growth.

"Over 70 per cent of our assets are located in Australia. We wish to increase the level of ownership by Australian institutions," he said.

Royal Trustco to bail out share scheme executives

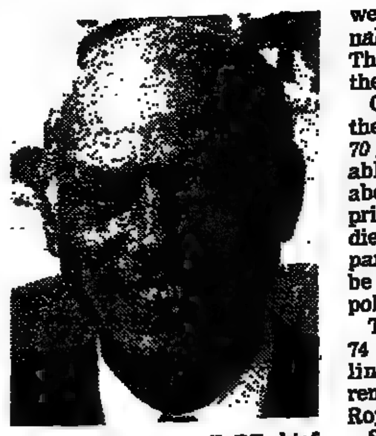
By Bernard Simon in Toronto

THE PARENT company of Royal Trust, the Canadian financial institution controlled by the Bronfman family whose operations are being sold to Royal Bank of Canada, will spend about C$20m (US$15.6m) on life insurance policies to bail 151 managers out of an executive compensation scheme which went badly awry.

Royal Bank has refused to employ any RT managers unless they are relieved of all obligations under a share purchase plan, which forced them as a condition of employment to buy large parcels of shares in Royal Trustco, RT's parent company. The purchases were financed by corporate loans.

The idea of the scheme was that the managers would augment their salaries with handsome capital gains as RT's profits improved and the share price appreciated. Dividends would be used to pay interest on the loans.

Instead of improving, business has gone into reverse, however. Earlier this year Mr Hartland MacDougall, RT chairman, announced that losses for 1992 were in the region of C$900m. The share price of Royal Trustco, which recently changed its name to Gentra, has collapsed from a peak of more than C$19 in 1989 to 37 cents.



Hartland MacDougall: RT chief put 1992 loss at about C$900m

Many RT managers faced financial ruin if their loans were called in under the original terms of the purchase plan. Their total indebtedness under the scheme is C$53.5m.

Gentra now plans to extend the term of the loans for up to 70 years. The loans will be payable only if the shares rise above the original purchase price, or when the participant dies. In the latter event, the participant's obligations will be covered by the insurance policy.

The bailout does not apply to 74 employees, with loans totalling C$21m, who will not remain with RT after its sale to Royal Bank.

Similar compensation plans have been in force at other companies controlled by Toronto's Bronfman family. But the share prices of these companies have generally performed better than Royal Trustco, and fewer employees have been involved in the share purchase schemes.

None the less, several of the Bronfmans' most senior executives have received large loans to relieve them of the burden of falling share prices.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for trading on [illegible]: Pool purchase price £/MWh	Final Prices for trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	21.58	18.09	18.09
0100	18.18	18.09	18.09
0130	18.18	18.09	18.09
0200	18.18	18.09	18.09
0230	18.18	18.09	18.09
0300	18.18	18.09	18.09
0330	18.18	18.09	18.09
0400	18.18	18.09	18.09
0430	18.18	18.09	18.09
0500	18.18	18.09	18.09
0530	20.24	18.07	18.07
0600	18.04	18.07	18.07
0630	18.02	18.07	18.07
0700	21.58	25.55	32.37
0730	24.86	25.56	32.25
0800	24.77	25.63	32.17
0830	25.38	25.76	32.30
0900	26.39	27.82	34.51
0930	27.11	29.68	36.47
1000	28.36	29.79	36.60
1030	28.37	29.63	35.42
1100	28.40	29.62	36.88
1130	32.80	34.28	41.40
1200	32.88	34.57	41.51
1230	32.81	34.12	41.18
1300	32.70	29.70	36.47
1330	27.06	27.86	34.23
1400	26.65	26.26	32.75
1430	26.62	26.21	32.69
1500	26.61	26.19	32.68
1530	26.61	26.20	32.68
1600	26.62	26.32	32.84
1630	32.26	31.65	38.61
1700	32.28	34.39	41.24
1730	32.27	34.23	41.03
1800	26.61	31.51	38.19
1830	25.09	25.58	32.02
1900	24.99	25.56	32.00
1930	24.96	25.55	32.00
2000	24.77	25.55	31.90
2030	24.77	25.11	31.53
2100	24.77	44.09	51.15
2130	24.77	44.09	51.16
2200	34.00	38.21	45.94
2230	34.00	38.21	45.96
2300	33.36	34.00	34.00
2330	32.81	20.50	20.60
2400	23.50	18.40	18.46

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg [illegible] becomes [illegible]. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the [illegible]

INTERNATIONAL CAPITAL MARKETS

Gilt prices leap ahead as inflation falls to 30-year low

By Peter John in London and Patrick Harverson in New York

ECONOMIC data showing the lowest inflation for almost 30 years sent UK government bond prices shooting upwards and yields dropping below 8 per cent for the first time in more than 20 years.

The yield on ultra-long gilts maturing in 2017 fell to 7.98 per cent with prices leaping forward by a full percentage

GOVERNMENT BONDS

point, building on the strong rally that has been developing since May. Long-dated yields have not been sustainably below 8 per cent since 1968.

The rise in prices at first reflected a technical readjustment by marketmakers, but the shift was sustained by heavy interest from domestic funds, which have been shy of the gilt market compared with their overseas equivalents.

UK funds have feared a return to the "boom-bust" economics of the past two decades but there is a growing belief that low inflation might have taken hold.

Mr Chris Anthony, UK economist with UBS, said the data showing headline inflation down to only 1.2 per cent were "totally contrary to the consensus and reinforced the bullish argument for gilts at the long end." Another economist said: "We have economic recovery with no inflationary pressure."

Short-dated government bond yields, reflecting the market's expectations on interest rates, remained virtually unchanged because the latest improved manufacturing output data pushed back hopes for monetary easing.

Meanwhile, the Bank of England announced an additional £700m tranche of existing 7¼ per cent stock maturing in 1998; the partly-paid issue was priced at 102¼ and the issue will be available today.

The Bank also announced the issue of £300m in tranches of index-linked bonds, consisting of £100m of 2½ per cent index-linked stock due 2003 and £200m of 4⅛ per cent index-linked due 2030.

■ SURPRISINGLY generous supply from the German central bank at its weekly repo sent strong signals that the Bundesbank was keen to cut interest rates again and pushed government bond prices higher. Bund futures for September rose 0.24 to 96.27.

Commercial banks needed DM68.5bn to cope with their day-to-day management. The market had been expecting around DM72bn as a gesture of goodwill, and the final figure of DM78bn at 7.28 per cent and above surprised most analysts.

Ms Alison Cottrell, economist with Midland Global Markets, argued that the recent intervention to support the French franc made the over-supply even more generous.

The Bundesbank has been buying francs for D-Marks fairly aggressively over the past two days. This has shifted more German money to the commercial banks and might have encouraged the central bank to maintain a tighter hold on supply.

Nevertheless, there is a consensus that the Bundesbank is unlikely to cut rates at its council meeting today and will prefer to wait until its next meeting, its last before the summer recess, in a fortnight's time.

■ DISAPPOINTING money supply figures put pressure on Spanish government bonds yesterday. There was further pressure from a weak peseta as the strains within the European exchange rate mechanism grew and the September Bonos futures contract fell 0.33 to 92.42.

■ CONTINUING pressure on the French franc sent the currency to within a centime of its floor against the D-Mark, but the French government bond market was closed for the Bastille Day holiday.

■ US Treasury prices rose strongly at the long end of the market yesterday morning following a bullish consumer prices report, sending yields to record lows.

In late morning trading the benchmark 30-year government bond was up ¼ at 106¾, yielding 6.591 per cent. At the short end of the market, the two-year note was also firmer, up $\frac{1}{32}$ at 100¼, to yield 3.974 per cent.

After the market produced a muted response to good producer prices data on Tuesday, yesterday there was no doubt about dealers' and investors' attitudes to the consumer prices figures. The consumer prices index for June was unchanged, and the "core" measure (excluding food and energy prices) was up only 0.1 per cent last month.

The figures confirmed that after several months of worryingly high inflation at the start of the year, inflationary pressures in the economy have abated, probably because of the weak nature of the recovery.

FT FIXED INTEREST INDICES

	July 14	July 13	July 12	July 9	July 8	Year ago	High *	Low *
Govt Secs (UK)	98.48	97.95	98.08	97.89	[illegible]	89.54	98.48	93.28
Fixed Interest	116.84	116.53	116.21	116.09	115.99	106.22	116.84	106.87

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed interest high since compilation: 116.84 (14/7/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	July 13	July 12	July 9	July 8	July 7
Gilt Edged bargains	110.2	102.3	97.4	92.3	107.2
5-Day average	101.9	101.7	100.4	100.2	100.4

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	117.1787	+0.154	7.09	7.25	7.56
BELGIUM		9.000	03/03	113.5200	-0.120	7.02	7.00	7.24
CANADA *		7.500	12/03	102.9000	+0.434	7.10	7.28	7.47
DENMARK		8.000	05/03	106.6000	-0.450	7.04	6.97	7.13
FRANCE	BTAN	8.000	05/98	107.3728	-0.004	6.17	6.13	6.41
	OAT	8.500	04/03	111.9200	-	6.78	6.72	6.94
GERMANY		6.750	04/03	101.5500	+0.190	6.51	6.66	6.75
ITALY		11.500	03/03	104.4900	-0.135	11.02†	11.07	11.94
JAPAN	No 119	4.800	06/99	103.7883	-0.076	4.01	4.13	4.32
	No 145	5.500	03/02	107.8603	-0.171	4.28	4.34	4.42
NETHERLANDS		7.000	02/03	104.1700	+0.170	6.38	6.47	6.56
SPAIN		10.300	06/02	100.1049	-0.220	10.27	10.12	10.70
UK GILTS		7.250	03/98	102-10	+8/32	6.66	6.69	7.04
		8.000	06/03	104-04	+22/32	7.40	7.52	[illegible]
		9.000	10/08	110-05	+25/32	7.84	7.95	8.30
US TREASURY *		6.250	02/03	100-26	+8/32	5.73	5.77	5.95
		7.125	02/23	106-27	+9/32	6.59	6.67	6.80
ECU (French Govt)		8.000	04/03	105.9300	-	7.16	7.10	7.31

Milan to trade 41 more shares on computer system

By Haig Simonian in Milan

SCREEN-based share trading on the Milan stock exchange will receive its biggest boost tomorrow when 41 more shares move to the computer-based system.

The switch, which will include some of Italy's most heavily-traded equities such as Generali and Stet, takes to 80 the number of shares traded since screen-based trading made its cautious debut with just five stocks in November 1991.

Since then, the system has been gradually expanded, with the biggest boost coming with the addition of 25 new shares in May 1992. Despite the cautious growth, the system has suffered from severe technical setbacks, although trading has been smooth in recent months.

Increasing the number of shares to 80 means the screen-based system will account for about 70 per cent of the total capitalisation of the Milan bourse and 80 per cent of average daily trading volumes.

The expansion is being accompanied by the introduction of a new index, the Mibtel, which could in time form the basis for futures and options trading on Italian equities.

The Mibtel, which will be calculated every 15 minutes at the outset but will be calculated every minute eventually, marks the stock exchange's first real-time equity index.

Its introduction is a further step in the long-overdue efforts to put Italy's financial markets on a par with developments now commonplace elsewhere in Europe.

This year the bourse appointed a new ruling council, chaired by Mr Attilio Ventura, to improve transparency.

No timetable has been set for futures contracts or options on futures. However, having a real-time index covering a large portion of the market is an essential pre-condition for their introduction.

Broad legislation for futures and options on equities was approved along with a packet of other bourse reforms in January 1992.

The new index comes just a few days after Banca Commerciale Italiana (BCI), which calculates the popular Comit index, widely followed by foreign investors, launched a new 30-share product based on stocks traded on-screen.


Attilio Ventura: chaired new bourse ruling council

Consob, Italy's stock market and companies watchdog, which has been supervising the introduction of screen-based trading, has plans to shift the bulk of share dealing to the screen-based system by the end of this year.

However, there is no fixed timetable, and regulators will be monitoring carefully the latest expansion of the system before moving further.

● The growing interest in Italian equities has prompted Morgan Stanley International and Banca Commerciale Italiana to launch an issue of put and call warrants on the Italian BCI-30 index.

The index, recently constructed by BCI, is composed of the 30 largest and most liquid Italian shares. It is designed to have a high correlation to the Italian stock market, although with slightly higher volatility. BCI will calculate the index on a real-time basis.

The warrant issue consists of three tranches each of puts and calls, with American-style expiration. All will have a two-year maturity, to August 16, 1995. Issue prices will be fixed on the basis of market prices on July 16. Application has been made to list the warrants for trading in Luxembourg.

Abbey National leads flock of issuers with £350m offer

By Sara Webb

BORROWERS flocked to the international bond markets again in a wide range of currencies, astonishing many market participants with the deluge of new issues.

Yesterday saw the launch of several large deals from corporate names including Abbey National, Royal Bank of Scotland, Rolls-Royce and Hoechst.

Abbey National Treasury Services launched a £350m tranche of Eurosterling bonds, taking the total size of its existing 10-year issue up to £1bn. The move creates the largest corporate Eurosterling issue, matching the EIB's 10-year deal in size.

Mr Jonathan Nicolls, director of corporate and capital markets at Abbey National, pointed out that while the UK bank obviously requires sterling funding, it is also keen to establish "a genuine benchmark" in the Eurosterling market.

He added: "There has been a lot of demand for 10-year paper

INTERNATIONAL BONDS

in last four weeks and I was keen to respond to that." The demand stems from the fact that many foreign investors are interested in sterling paper because of the attractive yields compared with other European markets and the perception that UK interest rates should fall further.

Abbey National swapped the deal into floating rate sterling to achieve funding at around Libor plus 20-25 basis points.

The original £650m 10-year tranche launched in March was priced to yield 50 basis points over the gilt. Since then, the yield spread has fallen to about 36-37 basis points in the secondary market. Yesterday's tranche was priced to yield 40 basis points over the gilt, and the bonds rose on the back of the gilt market's rally, from 99.47 to 100.20-100.35, according to one of the lead managers.

Royal Bank of Scotland also tapped the sterling sector, issuing a £200m perpetual sub-ordinated bond issue which qualifies as upper Tier Two capital.

The bonds have a coupon of 9.5 per cent. However, after 25 years (and provided the bonds are not called) the coupon will be set at whichever is higher – either 9.5 per cent or 237.5 basis points above the five-year benchmark gilt yield. The coupon will be reset in this manner at five-yearly intervals.

The deal was sold mainly to insurance companies and pension funds which have long-dated liabilities, as well as to some bond funds.

The Eurodollar sector saw heavy issuance with a $500m, seven-year deal from Hoechst, the chemicals group, and a $300m, 10-year deal from Rolls-Royce. The Rolls-Royce issue was increased from £250m due to good demand.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Hoechst Corp., USA	500	6	100.2R	Aug.2000	0.35R	+49 (5¼%-00)	CSFB/ Dresdner Bank
Rolls-Royce Capital	300	7.125	99.48R	Jul.2003	0.5R	+132(6¼%-03)	Goldman Sachs Intl.
Bayerische Landesbank‡	200	(a)	99.875R	Aug.2005	0.5R	-	Merrill Lynch Intl.
Dresdner Bank	150	(a)	99.875R	Aug.2005	0.5R	-	Kidder Peabody Intl.
HOFI Intl. Finance(b)§	110	4.5	100	Aug.2008	2.5	-	UBS
Banco Nacional, Brazil	90	8.54	99.7404R	Jul.1996	1R	+430(4¼%-96)	Merrill Lynch Intl.
STERLING							
Abbey Nat.Treas.Services(c)	350	8	99.74R	Apr.2003	0.35R	+40 (8%-03)	BZW/ Salomon/ SG Warburg
Royal Bank of Scotland(d)	200	9.5	98.541R	(d)	0.625R	+137½(8%-17)	Goldman Sachs/ UBS
Alliance & Leicester B/S(e)‡	50	(e)	100	Jun.1997	-	-	Baring Brothers & Co.
ITALIAN LIRA							
Bayerische Vereinsbank	200bn	9.65	99.9R	Aug.2000	0.3R	-	Banca di Roma
PESETAS							
World Bank	10bn	9.75	101.15	Aug.1998	1.875	-	Banesto
SWISS FRANCS							
Eurofima(f)	225	5	103.75	Jun.2003	-	-	Credit Suisse
North-East Finance Corp.	150	4.5	102.5	Aug.2003	-	-	UBS

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 6-month Libor - 0.25%, minimum 5%, maximum 8%. b) Convertible into Holderbank (the guarantor) bearer shares at SFr847. FX: 1.52SFr/$. c) Fungible with the £650m launched in April. Plus 116 days accrued interest. d) Undated subordinated issue. From 12/8/2018 at 5 year intervals the coupon will be reset at the higher of the prevailing coupon or the then prevailing 5-year benchmark gilt + 237.5bp. Callable every 5 years from 12/8/2018. e) Fungible with the £150m launched in May. Coupon pays 3-month Libor + 0.1875%. f) Fungible with the outstanding SFr825m. Plus 35 days accrued interest.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 5:55 pm on July 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9½ 94	200	105	105¾	-⅛	4.14	Arbed 7½ 95 LFr	600	100	101		7.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	65	3	10
Other Fixed Interest	12	3	0
Commercial, Industrial	202	323	[illegible]
Financial & Property	139	63	575
Oil & Gas	17	21	45
Plantations	0	0	8
Mines	35	26	76
Others	16	67	57
Totals	486	526	1,654

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

For notes on symbols refer to The Guide to The London Share Service.

TRADITIONAL OPTIONS

● First Dealings July 12
● Last Dealings July 23
● Last Declarations Oct. 14
● For settlement Oct. 25

3-month call rate indications are shown in Saturday editions.

Calls: Aminex, Avesco, Court Cavendish, Resort Hotels, Scantronic Hldgs. and Standard Chart., Put: Lloyds Chemists. Puts & Calls: Cluff Res., Greenwich Res., Pentos and Resort Hotels.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
Allied-Lyons	550	43	57½	65½	1	8	15½
[illegible]							
Rolls	160	17½	26	28½	1½	7½	11½
(*175)	180	4	15	17½	9	17	29

Option		CALLS			PUTS		
Amstrad	30	3½	5	6	2½	3½	4
(*31)	35	1½	3	4	5½	6½	7
Barclays	480	34½	48½	58½	10½	17½	23½
(*494)	500	12	27½	37	31	38	44
Blue Circle	240	16	23	29	10½	18	21½
(*243)	280	34½	37	40	2½	5½	8½
British Gas	280	18½	22½	27½	6	12½	16
(*290)	300	8	12	18	16	24	27
Dixons	180	16½	24	28	7	12	16
(*191)	200	7	15	19	19	24	35½

PUTS								
Jul	½	2	20	69	[illegible]	169	219	269
Aug	18	31	55	67	128	[illegible]	222	[illegible]
Sep	30	45	71	100	136	176	222	272
Oct	41	59	84	-	-	-	-	-
Dec †	-	88	-	130	-	-	-	-

July 14 Total Contracts 27,060
Calls 14,246 Puts 12,814
FT-SE Index Calls 5,158 Puts 2,515
Euro FT-SE Calls 706 Puts 5,858
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Wed Jul 14	Day's change %	Tue Jul 13	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	128.61	+0.11	128.46	2.04	5.94
2	5-15 years (23)	[illegible]	+0.61	[illegible]	2.57	6.65
3	Over 15 years (9)	165.58	+0.80	164.25	2.27	5.77
4	Irredeemables (6)	187.96	+0.82	186.43	1.78	7.25
5	All stocks (63)	147.49	[illegible]	146.83	2.34	6.34
	Index-Linked					
6	Up to 5 years (2)	186.43	+0.09	186.25	1.36	1.92
7	Over 5 years (11)	176.80	+0.35	176.18	0.61	2.92
8	All stocks (13)	176.98	+0.32	176.42	0.69	2.89
9	Debs & Loans (65)	134.73	+0.56	133.98	2.59	5.59

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jul 14	Tue Jul 13	Year ago (approx.)
	British Government				
1	Low	5 years	6.75	6.80	8.24
2	Coupons	15 years	7.74	7.83	8.68
3	(0%-7¾%)	20 years	7.90	7.98	8.68
4	Medium	5 years	6.90	6.94	9.17
5	Coupons	15 years	7.84	7.93	8.92
6	(8%-10¾%)	20 years	7.96	8.04	8.87
7	High	5 years	7.08	7.14	9.39
8	Coupons	15 years	8.09	8.18	9.06
9	(11%-)	20 years	8.13	8.22	8.98
10	Irredeemables(Flat Yield)		8.05	8.12	8.97
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.75	2.81	4.01
12	Inflation rate 5%	Over 5 yrs.	3.43	3.49	4.35
13	Inflation rate 10%	Up to 5 yrs.	1.92	2.19	3.22
14	Inflation rate 10%	Over 5 yrs.	3.24	3.32	4.16
15	Debs &	5 years	[illegible]	8.46	10.43
16	Loans	15 years	8.82	8.89	10.19
17		25 years	9.01	9.07	10.06

Shareholders quiz chairman over departure of chief executive

Storehouse chief lashes out

By Neil Buckley

MR IAN Hay Davison, chairman of Storehouse, the retail group comprising BHS and Mothercare, strongly criticised the decision by Mr David Dworkin, former chief executive, *to resign only six months* after taking up the position.

Mr Hay Davison's attack on his former colleague, made in response to repeated questions from shareholders at the company's *annual meeting about* Mr Dworkin's resignation and pay, was unusually outspoken for a company chairman.

He said his reaction to Mr Dworkin's departure from the group only weeks after receiving a performance-related bonus of £2.71m was one of "fury". He added that he felt Mr Dworkin had let the company down.

"Maybe because he's an American and comes from a different cultural context he did not understand that in this country you just don't leave a position of chief executive of a company so soon after taking it up," he said.

Mr Dworkin was promoted from chief executive of BHS to chief executive of the Storehouse group in July 1992, but resigned in February to head US stores group Carter Hawley Hale. His basic pay rose last year from £344,000 to £575,000 but a long-term performance bonus of £2.71m - negotiated when he first arrived at BHS in 1991 - took his total remuneration for the year to £3.29m.

Mr Hay Davison is thought to be more angry about Mr Dworkin's decision to leave after only six months in the chief executive's job than about the bonus payment. He reminded shareholders yesterday that Mr Dworkin had achieved dramatic results at Storehouse and that the group's market capitalisation had increased by £400m since the beginning of 1992.

No money was paid to Mr Dworkin in compensation for loss of office. But Mr Hay Davison told shareholders that, as a result of its recent experience, Storehouse had reduced the length of executives' employment contracts to a maximum of two years. Mr Hay Davison told the meeting that Storehouse's sales were currently 5 per cent ahead of last year. The company avoided giving a figure when it reported its full-year results in May, saying only that sales were in line with targets.

However, he warned that Storehouse, like other retailers, had experienced a general slow-down in trading since earlier in the year, and that its year-on-year growth in sales came from its success in increasing market share. It saw "little if any increase in overall demand".

Trevor Humphries

Ian Hay Davison (left) expressed fury with David Dworkin and strongly criticised his decision to *resign only six months after taking up his position as group chief executive*

Rooney's future remains unclear

By Andrew Bolger

THE FUTURE of Mr Bill Rooney as chairman and chief executive of Spring Ram, the bathrooms and kitchens group, was still unclear last night. The shares closed 4p lower at 51p.

After three profit warnings within eight months, Mr Rooney is under pressure from institutional shareholders to resign. This move is led by the Prudential Corporation, which speaks for 35 per cent of the group's equity.

After a meeting yesterday, the company said: "The board of Spring Ram, which remains united in its support for Mr Bill Rooney, recognises and accepts the need for immediate and major changes in the structure, style and management of the company for the 1990s. Today's meeting has been adjourned to enable the board to seek further advice on the implementation of these changes."

Neither Mr Rooney or any of the other directors would expand on the statement, which raises several questions. It is not clear how compatible "major changes" are with continuing support for Mr Rooney, a co-founder of the company and still its dominating force.

Mr Rooney has said he would be prepared to give up the role of chairman or chief executive, but not both. Mr Rooney and his family trusts have a 16 per cent stake in the company.

Pre-tax profits in the first half of the current year were forecast to be well below the *comparable period, contrary to* earlier expectations. In March the company disclosed a pre-tax loss of £26m – a third less than expected.

Growing thirst for cider lifts Bulmer to £19.6m

By Paul Taylor

THE CONTINUED growth of cider market in the UK, Australia and Belgium helped HP Bulmer to a 15 per cent increase to £19.6m in pre-tax profits for the 53 weeks to April 30.

The increase from £17.1m was achieved on sales ahead 13 per cent to £251.8m (£221.9m), including £6.84m from Cidrerie Stassen, the Belgian branded cider maker acquired in September. Sales were underpinned in the UK by volume gains achieved by Bulmer's leading brands, Strongbow, Woodpecker and Scrumpy Jack.

Earnings per share improved 15 per cent to 22.89p (19.96p); a proposed final dividend of 6.4p (5.55p) makes a total for the year of 10.15p (9p). The shares gained 13p to close at 419p.

Mr John Rudgard, chief executive, said the UK cider market had "continued to grow in all sectors," including the private label business for supermarket chains which expanded by 28 per cent last year.

In the UK Strongbow continued to dominate the mainstream cider market, capturing 28.3 per cent of the on-trade business and adding 5,400 new taps. Strongbow draught volumes grew by 17 per cent last year while in the premium sector Scrumpy Jack volumes jumped 54 per cent.

The Australian operations achieved 10.8 per cent volume growth and a 34 per *cent* increase in operating profits to £2.37m on sales of £14.4m. In Belgium, Stassen achieved a 30 per cent volume growth in the 8 months to the end of April and contributed £771,000 to total group operating profits of £24.1m (£20.5m).

In soft drinks, both Kiri and Orangina achieved volume gains while Volvic, the second largest mineral water brand after Evian, managed to increase volumes by 25 per cent to 34.6m litres. However, the beer portfolio had "a difficult year" because of depressed demand with sales of Red Stripe down slightly.

The pectin operations also suffered from reduced demand and fierce price competition and operating profits fell by 61 per cent to £972,000 (£2.5m) on turnover of £12.5m (£14.5m). Mr Rudgard said a strategic review of the business was nearing completion.

● COMMENT

Bulmer's great strength is the depth of its brand portfolio across all the market segments built through hefty marketing and solid investment expenditure. The loss next year of the Perrier and Buxton distribution contract – representing 14 per cent of secondary distribution tonnes – should be covered within a year by volume growth in the rest of the product portfolio. UK operating margins, although increasing, are still held back by the lower margin beer and soft drinks operations, but would benefit from the disposal or closure of the pectin business. This year pre-tax profits should reach £21m, equivalent to earnings of 24.7p and producing a prospective p/e of just under 17. Investors have a choice in how to play the rapidly growing cider market: for certainty, they can chose Bulmer's established depth of brands and management; for a bit of excitement, they can pick up and coming Taunton Cider's ability to capture share with new brands.

Headlam seeks £5m to fund purchase of Claremont Fabrics

By Peter Franklin

HEADLAM Group, the floorcoverings and fabrics distribution group, is buying Claremont Fabrics, a textile converter and fabrics wholesaler.

Consideration is £5.3m in shares, of which 208,661 are being retained by one of the vendors and 3.96m are being offered to Headlam shareholders under a 2-for-13 rights issue at 127p to raise £5.04m for the vendors.

A further 692,347 shares will be offered to Headlam shareholders on the same terms to raise an additional £500,000 to provide working capital for the enlarged group and funds to meet the acquisition costs.

The purchase is conditional on shareholders' approval and the rights issue is conditional on completion of the purchase; application has been made to the *Stock Exchange* for the proposed new shares to be admitted to the Official List.

Dealings in the new shares are expected *to commence on* August 2. The rights is underwritten by Robert Fleming and the broker to the issue is Albert E Sharp.

Claremont Fabrics made pre-tax profits of £816,000 on turnover of £10.7m in the year to April 30, at which date it had net assets of about £1.13m.

Scantronic shows advance to £3.09m

By Catherine Milton

STRONG EUROPEAN markets helped Scantronic *Holdings*, the security components supplier and manufacturer, lift pre-tax profits from £2.54m to £3.09m in the year to March 31.

Mr Ray Dias, finance director, said the company did not adopt FRS 3 ti wanted to report separately exceptional and extraordinary provisions relating to litigation.

The group took a £444,000 exceptional charge for doubtful trading debt due from Alarm Parts and a £1.5m extraordinary cahrge mainly against costs relating to the damages claim against the former owner of Arrowhead, a US acquisition.

Turnover rose to £39.1m (£36.1m). Mr Wallace Clapperton, chairman, said European markets were the main area where progress was achieved.

"Mainland European sales benefited from increased original equipment manufacture business which more than countered recessionary conditions."

European operations contributed turnover of £30.4m (£26.2m) and operating profits of £3.99m (£3.55m).

Scantronic has now split continental and UK operations to give "greater focus" to the overseas business, where it has a low market share.

There was a reduced operating loss of £153,000 (£591,000) from the North American operations although turnover slipped to £8.68m (£9.86m).

Mr Clapperton said: "Despite our earlier expectations, the North American market showed no sign of upturn. Progress to bring operations into line with existing business levels was achieved through the strengthening of local management and the launch of new products."

Scantronic maintained a £2m spend on research and development, some 5 per cent of sales. Gearing was held at just under 20 per cent, and the company generated more than £5m in cash for the second year in succession, including £1m from US operations. Net interest charges fell to £311,000 (£422,000).

The final dividend is 2.331p (2.185p) making 3.121p (2.975p) for the year, payable from earnings of 4.05p (2.18p).

NEWS DIGEST

Games side boost for Prism

A STRONG performance from its computer games division helped Prism Leisure report record profits for the 12 months to March 28.

Shares of the USM-quoted group rose 10p to 150p after the *announcement of pre-tax profits* of £1.33m, up 37 per cent on the comparable £975,000. Turnover improved to £15.5m (£13.5m).

Mr Geoff Young, chairman, said the computer games side had exceeded expectations: "The customer profile has continued to improve and now covers many major retailers," he said.

The audio and video operation maintained profits in difficult trading, but the German subsidiary, which began trading last July, produced an "encouraging" profit, Mr Young said.

Cash balances at the year-end amounted to £1.5m.

A proposed final dividend of 2.37p brings the total to 3.27p – a 20 per cent rise – covered over three times by earnings of 10.4p (8.4p) per share.

Adam & Harvey falls to £4.86m

Adam & Harvey, the international distribution and steel stockholding concern, suffered a fall in pre-tax profits from £6.4m to £4.86m for the year ended March 31, from turnover behind at £40.4m against £42.7m.

Earnings per share were 54.2p (69.9p) while the dividend is stepped up to 12p (11p) with an increased final of 7p.

Judgment against Crest Nicholson

Crest Nicholson, the Surrey-based housebuilder, yesterday received an adverse judgment in the High Court arising from its decision to rescind a contract to purchase development land at Ford's Farm, Calcot, near Reading, in 1988.

The court held that Crest had wrongfully refused to complete the purchase of the land and awarded damages and interest amounting to £1.7m against Crest, which was also ordered to pay three quarters of the plaintiff's costs.

Crest said the loss arising from the judgment, which is expected to amount to about £2m, would be charged as an exceptional item in the accounts for the year to October 31.

Crest shares closed 3p lower at 59p.

Heron restructuring moves ahead

Heron International, Mr Gerald Ronson's property and trading group, announced yesterday that the Netherlands debt restructuring scheme of arrangement for Heron International Finance had been ratified by the District Court in The Hague.

Batleys declines 22% to £6.53m

Pre-tax profits of Batleys, the private Huddersfield-based chain of cash and carry wholesalers, fell 22 per cent from £8.38m to £6.53m in the year to May 1.

The outcome was struck on turnover of £477.9m, against £454.9m for the previous 53 weeks. Interest charges were £178,000 lower at £523,000 and earnings per share were 28.06p (35.54p).

First half sales rise 18% at Irish Life

For the first six months of 1993 sales at Irish Life rose 18 per cent to I£165.4m (£154.9m).

Single premium sales in Ireland were down slightly at I£60.7m while recurring premium sales fell by 8 per cent to I£26m. In the UK, single premium sales were ahead by 22 per cent to I£13.7m but recurring premium sales were down 12 per cent to I£7.3m.

Aberforth Split Level assets up 22%

Aberforth Split Level Trust, which invests in small UK quoted companies, had a net asset value of 239.7p per capital share at June 30, up almost 22 per cent over the year.

Available revenue amounted to £1.27m (£1.43m) for earnings of 8.43p (9.56p) per income share.

A lower final dividend of 2.4p reduces the total for the year to 8.4p (9p).

Ex-Savoy man turns down Forte job offer

By Michael Skapinker, Leisure Industries Correspondent

AN ATTEMPT by the Forte hotel group to recruit Mr Willi Bauer, *former general manager* of the Savoy, to run its luxury establishments has failed.

Forte said yesterday that Mr Bauer, chief executive of Wentworth golf and country club group, had decided not to take the job for personal reasons.

Mr Bauer would have run Forte's Exclusive hotel portfolio, which includes the Hyde *Park and Grosvenor House in* London, the George V in Paris, the Ritz in Madrid and the Bristol in Warsaw. Mr Rocco Forte, Forte chairman, has said he would like to merge the hotels with those run by the Savoy group.

Forte acquired the majority of Savoy shares following a bitter takeover battle in the 1980s, but *has a minority of voting* shares. During the bid, Mr Forte strongly criticised Mr Bauer's management skills. Savoy and Forte agreed a five-year truce which ends in November next year.

Mr Bauer said last night of the proposed Forte position: "It was and is the most exciting job in the industry. But it *would have meant an awful lot* of travelling and responsibilities worldwide. A job like that takes 100 per cent commitment and I wouldn't want to travel 60 to 70 per cent of the time."

Markheath shares dip on news of delay in results

By Peter Pearse

SHARES in Markheath, the property group 61 per cent-owned by the Australian *Adelaide Steamship and its* associates, fell 1¼p to 5¾p yesterday on news that it was to delay the announcement of its annual results.

Mr Ian Creber, finance director, said that negotiations with the group's banks were continuing, causing the delay.

These talks have been going *on since at least the January* announcement of the half-time results, when losses deepened to £4.71m (£459,000).

Mr Creber said that then the discussions were over the availability of credit facilities; now they were about their maturity dates. He said that rental income was "not enough to cover the group's *operating costs and bank* interest.

Markheath's financial restructuring, involving repair to the balance sheet, is complicated by the fact that the directors believe, having studied management accounts, that net assets have fallen below £15.26m, or less than half of the called-up share capital.

Mr Creber insisted that this fall-off in net assets – from £55m at March 31 1992 – did not trigger the delay in the results announcement.

Pay-out in prospect for creditors of ACS

By Paul Taylor

CREDITORS of Atlantic Computer Systems, the main UK operating company in the collapsed Atlantic Computer leasing group, may receive a dividend of between 10p and 15p in the pound, according to *the company's joint liquidators.*

Mr John Soden and Mr Richard Boys-Stones of Price Waterhouse were appointed joint liquidators of ACS earlier this week following on from their appointment as joint administrators in April 1990.

When Atlantic collapsed in 1990, dragging down its parent company, British & Commonwealth Holdings, ACS had liabilities of £500m – mostly contingent liabilities arising from clauses in the company's portfolio of more than 2,500 leases.

Since then, however, the administrators have achieved realisations after costs of over £39m compared with initial estimates of about £16m and *have been successful in minimising* liabilities through negotiations with lessees and funders – removing some £85m of liabilities and dealing with over 67 per cent of the leases.

Mr Soden said that although significant uncertainty will remain about the level of dividend until all the claims have been received, "we may be in a position to pay a first dividend by the end of this year."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aberforth Split	fin	2.4	Sept 3	3	5.4	9
Adam & Harvey	fin	7	Sept 6	6	12	11
Bulmer (HP)	fin	6.4	Sept 13	5.55	10.15	9
BWD §	int	1.5	Oct 1	1.3	-	3.2
Leslie Wise	int	1.75	Oct 1	1.75	-	4
MAG Dual Trust	int	30.55	Aug 16	30.55	-	89.1
Nobo	fin	3.3	Oct 1	2.5	4.8	3.5
Olim Convertible	int	4.3	Aug 31	4.2	-	8.5
Prism Leisure §	fin	2.37	Sept 6	1.975	3.27	2.725
Scantronic	fin	2.331	Sept 13	2.185	3.121	2.975
Stanley Leisure	fin	2.8	Sept 14	2.64*	4.22	4.16*
Tiphook	fin	14.4	Oct 2	12.9	19.3	17.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. §USM stock.

PUBLIC WORKS LOAN BOARD RATES

Effective 13 July 1993

Quota loans*

Years	EIP†	A††	At maturity§
1			5¾
Over 1 up to 2	5⅝	5⅝	6⅜
Over 2 up to 3	6⅛	6⅛	6⅝
Over 3 up to 4	6⅜	6⅜	7
Over 4 up to 5	6½	6⅝	7¼
Over 5 up to 6	6¾	6¾	7½
Over 6 up to 7	6⅞	7	7⅝
Over 7 up to 8	7	7⅛	8
Over 8 up to 9	7⅛	7⅜	8¼
Over 9 up to 10	7⅜	7½	8⅜
Over 10 up to 15	8	8⅜	8⅝
Over 15 up to 25	8⅝	8¾	8⅞
Over 25	8⅞	9	9

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

NEWS IN BRIEF

BROMSGROVE has paid £1.35m for Banafix, a Buckinghamshire-based company engaged in the reinforcement of glazed areas in buildings through the application of protective security film.

BULLERS is to purchase the assets and continuing business of Michael Sutty for £70,000 cash, with a further maximum £50,000 payable as royalty sales over a two-year period. Finance has been provided from bank facilities made available by Marmara Bank of Turkey, whose chairman, Mr Atilla Uras, is a Bullers director and who through his company, Auric Holdings, owns 29.9 per cent of the Bullers equity.

CARDIFF PROPERTY: At first closing date the offer for Village Residential had been accepted in respect of 3.07m shares (59.9 per cent). Offer declared unconditional in all respects and extended until July 26.

DERWENT VALLEY has received acceptances to its open offer in respect of 1.72m new ordinary shares (44.35 per cent). Shareholders had previously undertaken not to accept their entitlements to 472,653 shares (12.18 per cent). These, together with the remaining 1.69m shares not taken up (43.48 per cent), are to be taken up in accordance with arrangements outlined last month.

FINSBURY SMALLER Companies Trust: Applications for open offers received in respect of 72,408 C ordinary and 492,226 C preference shares. Subject to placing and open offers going unconditional, all applications will be met in full.

HAMMERSON PROPERTY: Recent rights issue taken up in respect of 16.4m ordinary and 59.4m A ordinary shares, representing 96.89 and 96.94 per cent of offer respectively. Balances sold in market at a premium.

HUNTERS ARMLEY has acquired Alf Smith Printers (Bradford) for a maximum £1.12m cash.

INTERNATIONAL BUSINESS Communications (Holdings): Applications *for recent open* offer received in respect of 2.27m shares, a take-up of 39.56 per cent of shares available for clawback. Elections also received in respect of £1.26m nominal of unsecured subordinated *debenture stock 1996* for conversion into ordinary shares, which will result in the issue of up to 1.4m new shares.

LOWE (ROBERT H) said negotiations were in progress for the disposal of its children's wear division, which trades under the Babygro banner, to Delta Textiles (London). Delta is the UK subsidiary of Delta Galil Industries, an Israeli textile manufacturer.

MID-STATES has acquired the business of Harts Autoparts of Chattanooga, Tennessee, for $1.8m (£1.2m) in cash, together with a deferred payment of $121,000.

MOLYNEUX ESTATES: Applications for recent open offer received in respect of 1.99m shares (23.89 per cent).

NO PROBES: The proposed acquisition by ACT Group of the BIS Group from Nynex Corporation is not being referred to the Monopolies Commission.

PROUDFOOT: 10 *per cent of* 1992 final dividend was taken up under scrip dividend alternative and application for listing has been made in respect of 377,698 new ordinary shares.

Stanley Leisure at £8m despite Aintree debacle

By Catherine Milton

AINTREE'S Grand Debacle failed to prevent Stanley Leisure Organisation, the betting shop, casino and snooker club group, lifting pre-tax profits from £7.82m to £8.05m in the year to May 2.

Stanley would normally net up to £300,000 from the Grand National. But offsetting the loss of the Aintree profit, it benefited from evening racing during the period. It would press, however, for a more "betting shop-friendly" racing schedule.

Stanley did not adopt FRS 3. Mr Paul Olive, financial director, said the standard would not have altered the year's results. The previous period covered 53 weeks.

Mr Leonard Steinberg, chairman, said "turnover has gone up and we feel that the company and the industry generally has come out of recession." Turnover improved from £203.3m to £218.4m.

The company increased the number of its betting shops to 326 (314) at the year-end. The total currently stands at 355. The division contributed £189.6m (£174.3m) to turnover. The average stake per slip increased to £3.45 (£3.38); however pre-tax profits fell to £5.76m (£6.22m).

The acquisition in February of the Surrey Group of betting shops in Scotland for £2.99m contributed 2 per cent of total turnover and £50,000 to pre-tax profits.

The casino division, which accounts for about half of group turnover, now has 18 (17) outlets and contributed £6.73m (£5.94m) to pre-tax profits on increased sales, thanks mainly to cost control.

The snooker division made a small profit masked by its inclusion with central costs.

Gearing rose to 36.8 per cent (35.3 per cent) on net debt of £34.2m (£29.5m). Net asset value per share rose to 210p, up 10 per cent on last year, in part as a result of a £5.34m surplus on property revaluation.

A proposed final dividend of 2.8p makes a 4.32p (4.16p adjusted) total. Earnings per share rose to 12.78p (12.32p restated).

Widney to buy SPC for £4m

By John Murrell

WIDNEY, a maker of windows and water treatment, power transmission and electronic equipment, has entered into a conditional agreement to acquire SPC International for a maximum £4m.

The company's shares were suspended at 7p last month pending the announcement of an acquisition. Dealings were restored yesterday and the shares closed at 8p.

The principal activity of SPC, which was formed in 1989, is the purchase, refurbishment and resale of electronic point of sale systems, cash dispensing equipment and financial terminals for use in banks and shops worldwide.

The initial consideration of £3.2m will be satisfied via the allotment of 42.67m new shares, of which 23.47m are being placed on behalf of the vendors at 7½p to raise some £1.76m.

Deferred consideration of up to £800,000 is dependent on profits. Widney intends to raise a further £2.73m by the issue of an additional 36.41m new shares at 7½p to improve working capital and to cover the costs of the purchase.

Accordingly, a total of 79.08m new shares will be issued of which 19.2m, representing 14 per cent of the enlarged capital, will be retained by the vendors.

The vendors of SPC have undertaken that profits before tax for the year ended June will be not less than £600,000 (£487,000) and that net assets at completion will be not less than £1.25m.

Venture offshoot helps BWD to £1.81m

By Ian Hamilton Fazey, Northern Correspondent

BWD SECURITIES, the USM-quoted stockbroking and financial services group, reported a 48 per cent rise in pre-tax profits to £1.81m for the six months to May 31.

The outcome also represented an increase of nearly 4 per cent on profits of £1.74m recorded in the last full year.

Turnover rose 34 per cent to £7.43m (£5.53m), partly reflecting steady increases in new clients nationwide for BWD Rensburg, its stockbroking arm, and expansion of Northern Registrars, the wholly owned share registry subsidiary.

Profits were helped by "significant uplift" at Capital for Companies, the Leeds-based venture offshoot, which raised £39m for assured tenancy schemes under the Business Expansion Scheme. Although the government is shutting down the BES in December, the schemes will yield annual fee income for five years.

The interim dividend is 1.5p (1.3p), payable from earnings per share of 6.6p (4.5p).

The group is placing 841,885 new shares at 95½p each via James Capel, its broker, to fund the purchase of a 10,000 sq ft modern office block near its headquarters for Northern Registrars. The subsidiary now acts as registrar for about 70 companies and continuing expansion has seen it outgrow its existing offices.

The new shares will rank pari passu with the 18.03m existing shares but will not qualify for the interim dividend.

Tapping institutional investors

Has the nursing home sector saturated the market, asks Maggie Urry

THE POOR performance of Court Cavendish's shares in their first two days of trading as a quoted company has raised questions for investors who have chosen the nursing home sub-sector as a growth area.

Court Cavendish was floated at 225p a share, valuing the company at £51m. Its issue involved raising £40m through the sale of 17.7m new shares, as well as existing shareholders selling 2.56m shares.

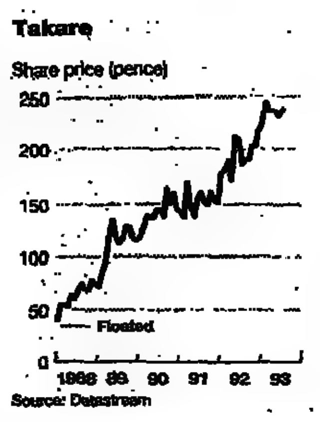
Although the public offer was 2.2 times subscribed and allocations were scaled down, the shares had fallen to 198p by last night's close, 27p below the issue price.

Last week another nursing home group, CrestaCare, raised £33.3m through a placing, doubling its market value. There is also persistent speculation that Takare, the market leader, will return to the market for new equity in September – speculation described by Mr Hamilton Anstead, deputy managing director, as idle and irresponsible.

So has the healthy appetite for nursing home shares suddenly faded? CrestaCare's advisers say they found no difficulty in finding buyers for the company's new shares, even after a placing of over 20 per cent of the group's equity as recently as March.

One excuse put forward for Court Cavendish's dismal initial showing was that the CrestaCare placing – which came between the closing of Court Cavendish's offer and its first dealings – sated institutional investors desire for stock.

When stags tried to sell their shares they found no institutional demand, and the weight of selling pushed Court Cavendish's price down.



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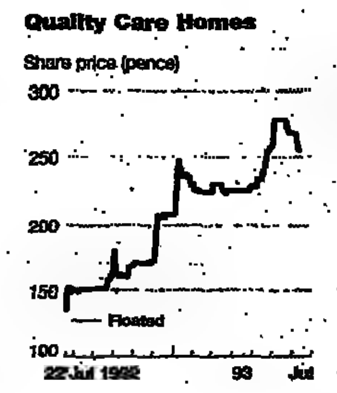
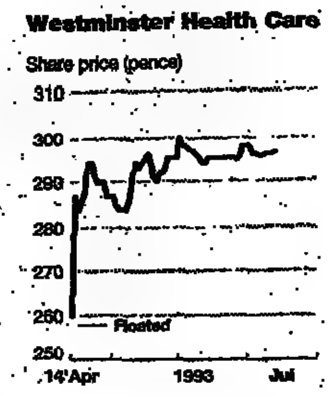




But one institutional investor gave another reason. He believes that Court Cavendish, placed fifth in the market behind the likes of Takare and Westminster Health Care, was overpriced given its record – or even that it should not have floated at all.

He points to its record of losses since formation four years ago and a refinancing two years ago. In effect, he says, the flotation was another refinancing exercise. Court Cavendish is using the money to repay debt of £24.6m and to fund further expansion.

Others say that Court Cavendish's policy of buying nursing homes, many converted from old, large houses with extra accommodation added, compared badly with the policy of the market leaders of building their own homes to particular specifications.

Another consideration is that the industry has been affected by the changes to the government's funding of nursing home care on April 1, which has slightly depressed occupancy rates and put some pressure on pricing.

However, most accept that this is a short term effect, and in the longer term the reforms should increase private sector provision of nursing homes.

The wider question, though, is how long this young but fast-growing industry will need to suck in new equity capital to expand.

Once established with a high occupancy rate, nursing homes are highly cash generative. But even so the rapid expansion rates of many companies, which can see demand for beds fast outstripping supply, means relatively young companies cannot finance their expansion internally.

Takare, which joined the Official List in 1989, has raised £67.2m through three equity issues, and another £50m through a 20-year debenture secured on some of its homes.

At the time of its last placing in September 1991, which raised £35.4m, Takare promised not to issue more equity for two years, hence the speculation that it will come to the market this autumn.

But Mr Anstead says Takare has sufficient bank facilities never to come to the equity market again, although conceding this would take its gearing to 100 per cent at some future date before rising cash flow brought debt down once more. He says the company is not ruling out an equity issue but will not make one if there is not the appetite for it.

Mr Kent Phippen, finance director of Westminster Health Care, which floated in April with an issue raising £63m, says that there are early signs of a leasing market for nursing homes developing in the UK. Such a market operates well in the US, but may take a couple of years before opening here.

He believes that with many homes operated under long-term contract to health authorities, the guaranteed revenue stream should entice institutions more used to investing in office blocks.

All in all, there is still confidence that Court Cavendish's experience of apparently poor institutional demand for its shares should not put a damper on the industry as a whole.

NEWS DIGEST

Nobo shows 49% growth to £1.65m

NOBO Group, a manufacturer of office and business products, returned profits of £1.65m pre-tax for the year to end-April, an improvement of 49 per cent over last time's £1.11m.

The figure was helped by a £187,000 reduction in interest charges to £476,000.

Turnover was static at £21.1m – Nobo disposed of its office furniture business in October last year. Turnover of the core business of visual aids and desk top accessories increased by 6 per cent.

A proposed final dividend of 3.3p makes a 4.8p (3.5p) total. Earnings improved from 6.34p to 10.41p per share.

Year-end gearing was cut to 32 per cent (60 per cent) helped by cash flow from the disposal and the placing of 526,660 new shares in March.

Johnson Matthey sees improvement

There were "signs of improvement" is some of the most important markets served by Johnson Matthey, the world's biggest platinum group metals marketing group, reported Mr David Davies, chairman, at the annual meeting.

In particular, recovery in the US had benefited North American sales by the catalytic systems and materials technology divisions.

The recent improvement in platinum, palladium and gold prices had largely offset a further fall in the price of rhodium, Mr Davies pointed out.

He reported that more than 90 per cent of shareholders had accepted an enhanced scrip alternative to the final dividend which would save the group £3.8m of advance corporation tax and also benefit shareholders.

Strong asset rise at M&G Dual Trust

Net asset value at the M&G Dual Trust was £26.68 per capital share at June 30, up from £21.73 a year earlier.

The trust's capital is fully invested in the M&G General Trust Fund, distribution from which dipped to £2.2m (£2.34m) over the six month period.

The interim dividend is held at 30.55p and directors forecast a maintained final of 38.55p.

North Housing Ass to build 1,750 homes

North Housing Association achieved a surplus of £13.7m from turnover of £41.5m in the year to end-March, despite the continuing decline in "right to buy" sales, which contributed £900,000 less than last year.

The outcome compared with a surplus of £12.2m from turnover of £37.3m last year.

Directors said the total surplus would be reinvested for the benefit of people in housing need. The association intends to start building 1,750 new homes in the current year, for which the expected total expenditure is £76m.

Bogod declines 10% to £232,000

Bogod Group, which sells sewing machines, parts and accessories, saw pre-tax profits dip 10 per cent, from £259,000 to £232,000, over the 12 months to March 31. Turnover showed little change at £5.72m.

A recommended final dividend of 0.5p maintains the total of the A shares at 0.7p, payable from earnings of 2.58p (2.99p) per share.

Pict sells stake in Edinburgh Oil

Pict Petroleum, the oil and gas exploration and production group, has sold its stake in USM-quoted Edinburgh Oil & Gas.

The 2.65m shares, representing some 15.2 per cent of Edinburgh's equity, have been acquired by Liverpool Limited Partnership.

Graystone redeems £3.25m of loan note

Graystone, the engineering components company, has completed negotiations for the redemption of half of the £6.5m loan note issued to Prospect Industries in payment for its acquisition in November.

Graystone has redeemed £3.25m nominal of the loan note for £2.08m. In addition it has agreed revised terms with Prospect in the event of a redemption of the balance.

Graystone also said it intended to apply to the High Court to reorganise and reduce its share capital.

Telemetrix arm buys in east Germany

Zetex, the wholly owned specialist semiconductor subsidiary of Telemetrix, has acquired certain plant and equipment located at Neuhaus, Thuringia in Germany, for the assembly of discrete surface mount semiconductors.

A consideration of a nominal DM1 is payable to the Treuhandanstalt. Telemetrix said the open market value of the plant and equipment acquired was about £1m.

EC proposes to extend ban on BST hormone

By David Gardner in Brussels

THE European Commission yesterday presented plans to extend its four-year-old ban on the dairy hormone bovine somatrophin (BST) by a further seven years – mainly because the hormone's use would drive smaller dairy farmers out of business.

The commission's predominantly economic rationale for seeking a ban on the productivity-boosting hormone is based on fears that its use could disrupt finely balanced calculations for the beef and dairy sector, under last year's reform of the EC's common agricultural policy.

The commission admitted it could not fault BST conclusively on veterinary, health or ethical grounds, although it pointed out that monitoring the effects of a hormone used on such a large scale could not be properly enforced.

It argued, however, that BST, which delivers milk productivity increases of 6-20 per cent, would have the effect of concentrating milk output on larger holdings, driving smaller farmers out of business and leading to the more intensive farming that the CAP reform seeks to discourage.

Such a development would lead to increased slaughtering of dairy cows – 4-6 per cent of the EC herd, the commission said – adding to the already chronic oversupply of beef.

Moreover, the commission argued, consumer reaction against hormones was now so pronounced that authorisation of BST would lead to further declines in beef and dairy product consumption, adding further to market imbalances. Mr Rene Steichen, EC agriculture commissioner, said it would "tarnish the image of a product now considered natural and wholesome".

BST was developed largely by US multinatonals like Monanto and Eli Lilly. The US Senate has recently voted for a 15-month moratorium on its use.

Extending the EC ban on the hormone will have to gain the approval of the council of agricultural ministers.

France samples home-grown petrol

David Buchan on an unusual use for sugar and cereal products

PUT a sugar beet in your tank. Nigel Mansell did, with good effect. The British racing driver won last year's Portuguese grand prix in a Williams-Renault car running on mixture of ordinary petrol and a biocarburant known as ETBE produced in France.

Such "green petrol" is now becoming increasingly available to ordinary French motorists and the opinion polls show that they are more than happy to use it.

Since April Elf-Aquitaine's Feyzin refinery near Lyons has been producing ETBE, or ethyl-tertio-butyl-ether. The product is a mixture of ethanol, made from sugar beet or cereals, and isobutane, an industrial product. With a capacity to make 75,000 tonnes a year, the Feyzin refinery can produce enough ETBE to put 5 per cent of the biocarburant in all the company's unleaded petrol.

To begin with Elf just added ETBE to the petrol it sold in the local Rhône-Alpes region around Feyzin, with no publicity. But emboldened by positive soundings from opinion polls the oil company is now openly marketing its ETBE mix of petrol, from specially marked pumps, in the departments of Seine-et-Marne and Essonne to the south of Paris.

A form of green diesel is also coming on to the French market. It contains a methylester made from rape seed oil, which is added to standard diesel fuel. It was developed in the early 1980s by a company called Sofiprotéol, under the trade mark name of Diester, to which Elf bought the exclusive distribution rights.

There are now several producers of the generic product, rape oil methylester, but so far it has only been sold to "captive fleets". Shell France, for instance, announced this month that it would be supplying the 354-bus fleet of Caen in Normandy with diesel composed of one-third rape oil methylester. However, with the commercial advantage of the Diester brand name, Elf now plans to market it more widely.

Developing green oil is an old dream for farm-rich but energy-poor France. But the idea has been driven forward by last year's reform of the European Community's Common Agricultural Policy, particularly with its requirement that all but the smallest farmers must take 15 per cent of their land out of food production. In theory such a move could render 1.3m hectares idle in France. But, according to Mr Jean-Pierre Le Roudier, who runs the Association for the Development of Agricultural Carburants, 1m hectares of that land could produce enough to put 5 per cent of ETBE in petrol and 5 per cent of rape oil methylester in diesel – and in the process minimise farmers' loss of income.

The French government has done its bit. Since last year biocarburants have been exempt from the standard petrol and diesel tax, and that has at last made the green fuels competitive. In February a government-commissioned report by Mr Raymond Levy, former president of Renault, came out broadly in favour of continued public support for biocarburants, although he drew complaints from sugar beet producers (whose products go into ethanol, the base for petrol additives) that he was biased in favour of the rape oil additives for diesel.

But cost is crucial, says Mr Alain Guillon, Elf's head of refining and marketing. "We are ready to go on producing Diester, provided it is competitive with diesel, and to use ethanol for ETBE, provided it is competitive with methanol."

Elf started importing methanol in 1986 to produce MTBE (methyl-tertio-butyl-ether) to give petrol back the octane rating that it loses from the elimination of lead. But three years ago the company started tests to see what it could do if it replaced the imported methanol with home-grown ethanol.

One thing it decided not to do was to inject pure ethanol into petrol, as had been done widely in the US. Mr Jean-Paul Lemonde, the Feyzin refinery director, explains that the main problem with pure ethanol is that it is soluble in water and therefore more prone to contaminate and be contaminated. ETBE does not have that disadvantage. Mr Pierre Varriot, head of Feyzin's steamcracker unit, admits that "isobutane is a bit harder to mix with ethanol than methanol but we have proved industrially that ETBE works".

Elf "wanted to be ready with all the technical solutions, when the farmers asked for help last year", Mr Guillon says. The oil company does big business with France's 1m-strong farming community, which it did not want to jeopardise. But he cautions that growing biocarburants is by no means a total solution to French farmers' problems. That caution was echoed in the Levy report which calculated that putting 5 per cent of biocarburants in all French fuels would only create 8,000 to 10,000 new jobs, half of them outside farming.

Furthermore, Mr Guillon warns that "all our strategy is reversible. If, for instance, the tax exemption were to disappear, then we would go back to importing methanol as a petrol additive and we would forget about adding rape oil into diesel". That is why French biocarburant producers are keen to see progress on the 1992 proposal by Mrs Christiane Scrivener, the EC tax commissioner, for a 90 per cent reduction in excise taxes on green fuels across the Community. Such a move would not only help any French exports but would also help lock the current French tax exemption in place.

Belgium, whose own oil company, Petrofina, broadly favours biocarburant development, has promised to make the Scrivener proposal a priority of its EC presidency in the second half of this year. But EC tax proposals need unanimity to pass. Behind the reticence of several governments to the tax plan are some environmentalists, who argue that biocarburants pollute as much as fossil fuels, though in different form, and some oil companies like British Petroleum and Esso, who claim that aiding natural ethanol will hurt the market for sythetic ethanols.

The ETBE mix is now being sold openly from marked pumps

Norway increases gas supplies to Germany

Karen Fossli in Oslo

NORWAY is to increase its supplies of natural gas to Germany by 3.5bn cubic metres a year, and has secured a price rise for gas from the giant Troll field.

The additional supplies will increase the value of Norway's gas sales to Germany by an estimated 3bn Norwegian kroner (£275m) a year.

Rubrgas of Germany has agreed to purchase an additional 2bn cu m of Norwegian gas a year and to exercise 50 per cent of a purchase option covering 1.5bn cu m a year from the Troll field. With half of the Troll purchase option exercised, Ruhrgas could exercise an option for a further 1.5bn cu m a year, but this would have to be decided by July 1 1995. Other companies with outstanding Troll purchase options, covering 5.4bn cu m of gas, include Germany's Thyssengas and BEB, Distrigaz of Belgium and Ferngas of Austria.

Under yesterday's deal, Norway's annual gas supplies to Germany will increase from 9bn cu m a year now to 22bn in the year 2005, of which 14.2bn cu m will be being purchased by Ruhrgas. The share of Norwegian gas in Germany's overall supplies will be lifted from 14 per cent to more than 25 per cent by 2005.

A consortium of German gas buyers, including Ruhrgas, has also agreed to a price adjustment for Troll gas, which was priced at an estimated NKr0.70 per cubic metre under the original sales agreement in 1986. The price rise marks the end of a dispute between the Germans and Norway's gas negotiating committee, which has lasted for more than a year.

Under terms of the original Troll contract, representatives of both sides were entitled to demand a price review before deliveries of the gas commenced. The Troll producers exercised that right, seeking a higher price for the gas, which also included supplies from the Statfjord, Heimdal, and Gullfaks fields. However, under the price review, negotiations are still outstanding between Norway and buyers in the Netherlands, Belgium, Austria and France.

With the additional purchases by Germany, total Norwegian gas supplies to Europe under the Troll contract will reach 44.7bn cu m by 2005.

Nickel market likely to overcome current problems, analysts say

By Kenneth Gooding, Mining Correspondent

ABOUT one-quarter of the western world's primary nickel capacity is suffering losses at present London Metal Exchange prices, according to the AME Mineral Economics consultancy group.

However, AME and other analysts suggest that longer-term prospects for nickel are good, despite the short-term problems. The outlook "is probably better than for any of the other major base metals, with the possible exception of aluminium", says Billiton-Enthoven Metals, part of the Royal Dutch/Shell group.

Commenting on the immediate outlook, Rudolf Wolff, part of the Noranda natural resources group, suggests in its latest nickel report that prices are likely to drift down to $4,800 a tonne or $2.18 a pound. That is because the rate of exports from the Commonwealth of Independent States can be expected to increase but production of stainless steel, the biggest consumer of nickel, is likely to fall in the second half of 1993 after a strong first-half rise of 5 per cent.

AME points out that at $2.60 a lb – the price at the end of 1992 – seven of the production units it monitors would have been operating at a cash break-even point or worse.

According to AME, the highest-cost operators in 1992 were the Brazilian ferronickel producers with cash costs of $3.56-$4.01 a lb, followed by Larco in Greece at $3.45 and Société Métallurgique le Nickel's Sandouville refinery in France at $3.00. Glenbrook's Riddle operation in the US had cash costs of $2.78, and those at Empress Nickel's Eiffel Flats refinery in Zimbabwe were $2.70. Costs at Queensland Nickel's Yabulu operation in Australia were $2.56 a lb.

The lowest-cost product was nickel oxide from the Matsuzuka refinery in Japan at $1.14 a lb. The refinery was supplied by Inco's Ontario mines and the Copper Cliff smelter.

Among the big producers, the lowest-cost producers last year were Western Mining in Australia with estimated cash costs of $1.60; Inco's Canadian Thompson smelter at $1.71 and Copper Cliff at $2.06; and Clydach UK at $2.23. Falconbridge of Canada, at $2.10, was the highest-cost producer among the five big producers.

AME's study predicts that refined nickel output in the western world should bottom out at 550,000 tonnes this year, after 592,000 tonnes in 1992. Demand is expected to rise to 630,000 tonnes this year, up from 617,000 tonnes.

Analysts believe net imports to the west from the eastern bloc – mainly from Russia but also from Cuba – will continue at a relatively high level. AME suggests those imports will total 95,000 tonnes this year, down from 112,000 tonnes.

In its latest study of the nickel market, Billiton points out that new imports from the eastern bloc accounted for 18 per cent of total consumption in 1991 and 1992. "While we believe that, for a variety of reasons, exports from the CIS to the west will decline over the next few years, we nevertheless conclude that they will remain substantial in volume for the foreseeable future. On the other hand, exports from the west to China will probably continue to increase. On balance, however, the west will remain a significant net importer of nickel."

Billiton says primary nickel production in the west will fall by 30,000 tonnes from its 1992 record of 595,000 tonnes but, because of the imports, a supply surplus will remain. Billiton forecasts an average price of $2.60 a lb for 1993, $3.25 for next year and $4.00 for 1995.

Rudolf Wolff expects CIS exports to be about 80,000 tonnes this year and to lead to a supply surplus of 10,000 tonnes. It suggests prices above $5,300 a tonne ($2.40 a lb) are likely to be "capped" by this surplus supply.

New Legs for Nickel: from AME Mineral Economics, 352 Kent Street, Sydney, NSW 2000, Australia. Nickel Market Report: from Billiton-Enthoven Metals, 84 Fenchurch Street, London EC3M 4BY, UK. Nickel Update; from Rudolf Wolff, Plantation House, 31 Fenchurch Street, London EC3M 8DX, UK.

Western World Nickel Market Balance (tonnes)

	1992	1993*	1994*	1995*	1996*
Refined production	592,000	550,000	580,000	590,000	600,000
Net imports from former eastern bloc	112,000	95,000	90,000	90,000	90,000
Total supply	704,000	645,000	670,000	680,000	690,000
Refined consumption	618,000	630,000	670,000	700,000	720,000
Market surplus/deficit	+86,000	+15,000		-20,000	-30,000
World stocks	175,000	190,000	190,000	170,000	140,000
Months' consumption	3.3	3.6	3.4	2.9	2.3
LME price (1992 $/lb)	3.17	2.85	3.10	3.30	3.70

*Forecast. Source: AME Mineral Economics

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER prices staged a substantial recovery yesterday after sustaining heavy falls earlier in the week. Dealers attributed the rise, which lifted the three months position at the London Metal Exchange by $43 to $1,921.50 at the close, mainly to technical factors, notably Far Eastern options buying and tightness around the three months delivery period. But they saw little in the way of fundamental demand to sustain the market and thought it could be "riding for a fall" when the tightness wore off. ALUMINIUM also rallied, the three months price closing $27.25 up at $1,203.50 a tonne, aided by spill-over sentiment from copper and expectations of strong support below $1,200. At the London Commodity Exchange robusta COFFEE prices edged lower in nervous conditions as traders waited to see if frost warnings in Brazil would be justified. After London's close New York's arabica coffee market continued to decline. COCOA values were firmer at the LCE on trade buying in London and speculative buying in New York. The September price closed at £759 a tonne, up £11 on the day.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Sep)		+ or -
Dubai	$14.38-4.45u	-0.48
Brent Blend (dated)	$16.42-6.48	-0.52
Brent Blend (Sep)	$16.65-6.70	-0.48
W.T.I (1 pm est)	$17.85-7.90u	-0.60
Oil products (NWE prompt delivery per tonne CIF		**+ or -**
Premium Gasoline	$197-198	-1
Gas Oil	$159-160	-3
Heavy Fuel Oil	$60-62	
Naphtha	$167-168	-1
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$392.25	-1.5
Silver (per troy oz)♣	497.5	-9
Platinum (per troy oz)	$407.25	+5
Palladium (per troy oz)	$138.50	+1.75
Copper (US Producer)	89.5c	-0.6
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	15.60m	
Tin (New York)	233.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	134.70p	-3.29*
Sheep (live weight)†♠	96.77p	-1.76*
Pigs (live weight)†	81.26p	-1.22*
London daily sugar (raw)	$255.7	-0.8
London daily sugar (white)	$280.0	-4
Tate and Lyle export price	£282.5	-1.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	Unq	
Wheat (US Dark Northern)	£147.0u	
Rubber (Aug)♥	59.00p	
Rubber (Sep)♥	59.50p	
Rubber (KL RSS No 1 Jul)	206.5m	
Coconut oil (Philippines)§	$455.0v	-10
Palm Oil (Malaysian)§	$367.5t	-5
Copra (Philippines)§	292.5	
Soyabeans (US)	£207.5y	+6.5
Cotton "A" Index	58.50c	
Wooltops (64s Super)	352p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug. z-Aug.v-Sep/Oct u-Sep t-Oct/Dec x-Aug/Oct ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – LCE ($ per tonne)

White	Latest	Previous	High/Low
Aug	261.50	258.00	262.00 258.00
Oct	261.50	259.30	262.00 259.00
Mar	264.60	262.80	264.50 262.10
May	267.50	265.60	267.50

White 1547 (1377) Paris- White (FFr per tonne): Aug 1515.62 Oct 1535.46

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Aug	16.56	16.96	16.81 16.50
Sep	16.70	17.06	17.03 16.64
Oct	16.90	17.23	17.19 16.85
Nov	17.10	17.36	17.35 17.09
Dec	17.30	17.56	17.56 17.25
Jan	17.48	17.76	17.70 17.48
Feb	17.75	17.89	17.75 17.74
Mar	17.66	17.95	17.68
IPE Index	17.02	16.88	

Turnover 47743 (53612)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Aug	159.00	162.00	161.00 159.00
Sep	160.50	162.50	161.75 160.25
Oct	163.00	165.25	164.00 162.50
Nov	166.25	167.25	166.25 165.25
Dec	167.75	169.25	168.50 166.75
Jan	169.00	170.75	169.75 168.25
Feb	169.50	170.75	169.25 168.50

Turnover 10612 (9556) lots of 100 tonnes

WOOL

The Market continues inactive with prices untested at auction during the recess between the main selling seasons. The trade has been encouraged by large sales from the Australian stockpile last week, over 12,000 bales and the largest weekly total since early December. These are related to Australian business with China and if further demand develops from one of Australia's main wool customers the outlook for the whole market next season is more hopeful. In the UK, problems releated to the marketing of British wool persist

COCOA – LCE £/tonne

	Close	Previous	High/Low
Jul	748	784	750 738
Sep	759	748	763 748
Dec	767	756	771 755
Mar	781	769	786 768
May	791	779	794 779
Jul	799	788	803 788
Sep	811	799	810 809
Dec	823	812	824 822
Mar	837	826	840 835
May	845	837	841 839

Turnover: 8920 (4707) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 13 760.37 (763.88) 10 day average for Jul 14 762.31 (748.72)

COFFEE – LCE $/tonne

	Close	Previous	High/Low
Jul	981	972	981 982
Sep	996	1000	1015 1015
Nov	1002	1009	1016 1018
Jan	1004	1007	1011 1016
Mar	1003	1008	1000 1010
May	1006		1014 1016
Jul	1006	996	1006

Turnover: 5686 (4756) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 13 Comp. daily 61.65 (59.21) 15 day average 57.07 (56.62)

POTATOES – LCE £/tonne

	Close	Previous	High/Low
Apr	94.1	93.3	94.2 92.0
May	103.1		102.5 102.0

Turnover 132 (23) lots of 20 tonnes.

SOYAMEAL – LCE £/tonne

	Close	Previous	High/Low
Oct	170.80		170.00
Dec	171.80		171.50
Feb	173.30		
Apr	180.80		

Turnover 40 (0) lots of 20 tonnes.

FREIGHT – LCE $10/index point

	Close	Previous	High/Low
Jul	1322	1300	1322 1305
Aug	1314	1300	1314 1300
Sep	1306	1305	1306 1306
Oct	1370		1370 1355
Nov	1375		1375 1360
Jan	1405	1395	1405 1395
BFI	1371	1371	

Turnover 213 (77)

GRAINS – LCE £/tonne

Wheat	Close	Previous	High/Low
Sep	106.05	106.95	106.00 106.00
Nov	107.55	108.55	108.00 107.80
Jan	110.00	110.85	110.00 109.85
Mar	112.05	113.05	112.00
May	114.15	115.25	114.50
Barley	**Close**	**Previous**	**High/Low**
Sep	103.20	103.40	103.40
Nov	105.70	106.00	106.00

Turnover: Wheat 191 (328), Barley 10 (53).
Turnover lots of 100 Tonnes.

PIGS – LCE (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	103.00	103.3	

Turnover:0 (5)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 39,989 lots		
Cash	1179.5-80.5	1161.5-62.5	1179/1178	1177.5-78		
3 months	1203-04	1186-86.5	1210/1194	1202-02.5	1207-08	235,457
Copper, Grade A ($ per tonne)				Total daily turnover 72,182 lots		
Cash	1917-19	1868-70	1899	1898.5-99	1923-24	
3 months	1921-22	1878-79	1929/1905	1905-05.5		243,350
Lead ($ per tonne)				Total daily turnover 2,546 lots		
Cash	388-89	387-88		383.5-83		
3 months	402-03	401-02	403/398.5	398.5-97	401.5-02	23,484
Nickel ($ per tonne)				Total daily turnover 10,237lots		
Cash	5090-100	5050-55		5095-100		
3 months	5145-55	5105-10	5170/5145	5149-50	5150-55	49,753
Tin ($ per tonne)				Total daily turnover 1,751 lots		
Cash	5030-35	5005-10		5020-30		
3 months	5080-85	5055-60	5085/5080	5075-80	5070-80	10,920
Zinc, Special High Grade ($ per tonne)				Total daily turnover 11,521 lots		
Cash	943.5-44.5	949-51	940	939.5-40.5		
3 months	958.5-60	965-66	965/955	957.5-58	957-59	74,309 lots

LME Closing £/$ rate:
SPOT: 1.5025 3 months: 1.4925 6 months: 1.4844 9 months: 1.4776

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	392.00-392.50	
Opening	395.70-396.10	
Morning fix	395.70	265.126
Afternoon fix	394.40	268.197
Day's high	396.00-396.50	
Day's low	391.00-391.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.55	6 months	2.56
2 months	2.55	12 months	2.56
3 months	2.55		

Silver fix	p/troy oz	US cts equiv
Spot	341.15	509.50
3 months	346.20	513.50
6 months	350.65	517.40
12 months	360.05	526.65

GOLD COINS

	$ price	£ equivalent
Krugerrand	396.50-399.50	265.00-267.00
Maple leaf	403.20-405.75	-
New Sovereign	94.00-97.00	63.00-65.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct
1175	30	56	12	24
1200	17	44	24	35
1225	8	33	40	48
Copper (Grade A)	**Calls**		**Puts**	
1900	58	90	31	69
1950	33	67	56	96
2000	17	49	90	126
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
850	151	163	3	11
900	105	123	6	21
950	69	90	21	38
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
725	46	67	12	25
750	27	52	18	35
775	20	39	36	47
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1700	1	34	15	48
1750		14		75
1800	11	9		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	393.9	394.0	0	0
Aug	391.4	394.5	396.8	388.5
Sep	392.4	395.5	395.3	391.0
Oct	393.5	396.6	393.2	391.0
Dec	395.6	398.7	401.0	392.5
Feb	397.4	400.5	402.8	395.5
Apr	399.2	402.3	404.0	397.8
Jun	401.0	404.1	401.5	400.0
Aug	402.8	406.0	403.0	403.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	403.9	405.7	406.5	406.0
Oct	405.4	407.7	411.0	403.0
Jan	405.9	408.2	411.5	405.0
Apr	406.5	408.8	410.5	406.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	493.6	504.0	504.5	492.5
Aug	494.7	505.2	0	0
Sep	496.0	506.5	509.5	494.0
Dec	501.3	511.8	515.0	498.0
Jan	501.9	512.4	0	0
Mar	506.3	516.8	519.5	504.0
May	510.2	520.7	512.5	512.0
Jul	513.7	524.2	521.0	513.0
Sep	517.5	528.0	517.0	517.0
Dec	523.2	533.7	530.5	530.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	85.20	84.50	85.60	85.00
Aug	85.40	84.90	85.55	85.20
Sep	85.65	85.15	86.35	85.20
Oct	85.70	85.25	86.30	85.80
Nov	85.80	85.35	0	0
Dec	85.85	85.40	86.45	85.30
Jan	85.90	85.45	0	0
Feb	86.00	85.55	0	0
Mar	86.10	85.65	86.50	86.05
Apr	86.25	85.80	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	17.65	18.13	18.12	17.62
Sep	17.90	18.35	18.34	17.87
Oct	18.15	18.61	18.50	18.13
Nov	18.40	18.80	18.65	18.36
Dec	18.56	18.98	18.85	18.55
Jan	18.75	19.15	19.00	18.78
Feb	18.95	19.26	19.12	18.92
Mar	18.98	19.38	19.25	19.08
Apr	19.25	19.44	19.25	19.25
May	19.52	19.52	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	49.60	50.86	50.85	49.40
Sep	50.85	51.67	51.25	50.50
Oct	51.85	52.79	52.45	51.70
Nov	53.05	53.91	53.70	52.85
Dec	54.20	55.03	54.80	54.05
Jan	55.10	55.85	55.70	55.00
Feb	55.60	56.13	56.15	55.50
Mar	55.00	55.33	55.20	54.85
Apr	54.25	54.43	54.30	54.20
May	53.50	53.58	53.50	53.50

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	990	931	1000	931
Sep	1015	956	1017	962
Dec	1041	985	1042	995
Mar	1065	1011	1065	1021
May	1086	1032	1080	1082
Jul	1104	1050	0	0
Sep	1124	1070	1115	1115
Dec	1150	1096	1139	1100
Mar	1171	1117	1155	1145
May	1189	1135	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	71.25	72.75	72.70	72.70
Sep	71.25	73.60	74.50	71.05
Dec	73.60	76.05	76.60	73.30
Mar	75.70	78.20	78.40	75.60
May	77.10	79.50	78.00	77.80
Jul	78.50	81.00	80.00	80.00
Sep	79.95	82.50	0	0
Dec	83.00	85.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.86	9.70	9.91	9.72
Mar	10.10	9.95	10.15	9.96
May	10.14	9.95	10.15	9.98
Jul	10.08	9.89	10.08	10.04
Oct	10.00	9.88	10.06	9.93

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	59.07	59.60	59.55	59.05
Dec	60.34	60.74	60.65	60.19
Mar	61.15	61.55	61.45	61.00
May	61.89	62.39	61.87	61.85
Jul	62.70	63.00	63.00	62.90
Oct	61.75	61.62	0	0
Dec	61.75	61.89	61.80	61.80

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	123.10	123.05	124.00	122.75
Sep	125.60	125.80	126.80	125.10
Nov	127.70	127.50	128.90	127.25
Jan	129.10	128.95	129.40	128.90
Mar	130.45	130.45	130.65	130.45
May	131.50	131.50	131.50	131.50
Jul	131.50	131.50	0	0
Sep	129.50	129.95	0	0
Nov	129.50	129.95	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Jul.14	Jul.13	mnth ago	yr ago
1706.3	1696.3	1660.3	1559.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Jul.13	Jul.12	mnth ago	yr ago
Spot	123.29	123.38	119.89	117.72
Futures	126.28	126.23	120.03	118.93

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	705/2	695/4	705/4	690/0
Aug	707/2	693/4	708/0	690/0
Sep	709/2	698/4	710/0	691/0
Nov	711/0	701/0	712/0	694/0
Jan	712/6	702/6	713/4	697/4
Mar	715/6	706/0	716/0	700/0
May	718/4	708/0	718/0	702/0
Jul	715/0	708/0	715/0	702/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	24.46	24.36	24.46	24.15
Aug	24.53	24.42	24.54	24.18
Sep	24.63	24.61	24.65	24.35
Oct	24.83	24.78	24.35	24.50
Dec	25.02	24.93	25.05	24.68
Jan	25.08	24.98	25.08	24.85
Mar	25.10	25.05	25.10	24.80
May	25.15	25.10	25.18	24.96

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	227.3	220.8	227.5	219.5
Aug	223.9	219.2	224.3	217.2
Sep	222.6	218.7	223.0	216.8
Oct	222.2	219.0	222.5	216.6
Dec	222.7	219.8	223.8	217.5
Jan	221.7	219.0	222.0	217.0
Mar	220.0	217.5	221.0	216.0
May	217.7	217.0	218.0	215.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	230/2	228/4	230/4	226/4
Sep	237/2	235/2	237/4	233/0
Dec	247/4	244/4	247/6	242/4
Mar	254/4	250/6	254/6	249/4
May	258/0	254/0	258/0	253/6
Jul	259/2	254/6	259/2	253/4
Sep	250/0	248/4	0	0
Dec	245/2	242/4	246/0	243/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	288/2	284/4	289/4	283/4
Sep	293/6	290/2	295/2	289/0
Dec	305/2	301/2	306/6	299/0
Mar	311/4	307/4	312/6	306/4
May	310/4	306/4	311/4	305/4
Jul	304/4	301/0	305/0	300/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	73.200	73.625	73.850	73.175
Oct	74.175	74.550	74.750	74.050
Dec	75.500	75.800	76.075	75.450
Feb	75.625	75.775	76.050	75.525
Apr	76.525	76.700	76.950	76.500
Jun	73.275	73.500	73.800	73.275
Aug	72.275	72.500	72.925	72.250

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	47.425	47.725	47.850	47.350
Aug	46.875	47.225	47.425	46.775
Oct	43.550	43.775	43.900	43.275
Dec	44.350	44.500	44.575	44.125
Feb	44.325	44.325	44.500	44.250
Apr	43.400	43.450	43.425	43.200
Jun	48.700	48.775	48.900	48.700
Jul	48.400	48.400	0	48.200

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	39.300	39.150	39.350	38.450
Aug	37.200	37.300	37.800	36.700
Feb	45.925	46.175	46.325	45.800
Mar	45.425	45.300	45.775	45.100
May	46.700	47.000	46.800	46.700
Jul	46.200	46.200	0	0
Aug	46.500	46.500	0	0

Switching talk again weakens shares

By Steve Thompson

FURTHER HINTS around the City that another big international switching operation out of UK equities could have been set in train saw London's equity market deliver another disappointing performance yesterday.

The FT-SE 100 Index closed 4.8 lower at 2,832.3, ignoring a welter of positive factors, including the lowest UK headline inflation figure for around 30 years, a strong gilt-edged market and a firm opening performance by Wall Street.

The major bearish factors affecting the market included substantial weakness in the food retailing and manufacturing sectors, the brewing sector, power generation stocks, media and aerospace issues. And there were lingering fears that the completion of the BT3 flotation could bring a series of large rights issues.

Significantly, the weakness in UK stocks was not confined to the leaders; the FT-SE Mid 250 stocks also came under pressure, leaving the Mid 250 index 7.5 down at 3,222.5.

Activity in the market was a relatively high 612.7m shares, with non-Footsie stocks accounting for 55 per cent of the day's business, well down on recent levels. Dealers pointed out that customer business rose sharply on Tuesday when the value of retail activity was worth almost £1.6bn, the highest single day total since May 20. Tuesday was featured by a string of heavy programme trades.

The session began with share prices under minor downside pressure, reflecting the easier overnight performance by Wall Street and continuing concern over the recent poor showing by London in the face of the good news on UK manufacturing and output data published on Tuesday.

The inflation news, revealed in mid-morning, showed headline inflation at a 30-year low and the underlying rate at a 25-year low. While it transformed the gilts market, where long-dated stocks raced higher, it failed to trigger any substantial support for equities.

Share prices weakened significantly over the lunchtime period, with the FT-SE 100 dropping to a session low of 2,826.7, a fall of 10.4, before stabilising as Wall Street opened in positive territory.

The story of another switching operation being carried out followed hints that one of the big international broking houses had taken out a very big over-the-counter put option on the London equity market. The sharp sell off that hit the London market last week was attributed to heavy switching, mainly by US institutions, out of UK equities and into the German market.

Other traders, however, said the weakness in the market was because of more mundane factors such as the continuing bookbuilding process in BT3 where the UK public part of the offer closed yesterday. "It's summer, BT3 is there to distract us and the market is struggling to find a support level," said one strategist although he conceded the market could be due a bounce.

Sterling's strong rise, against both the dollar and the D-mark, hit the big overseas earners.

Abbey National, easier recently on a series of broker sell notes, topped the list of active stocks, following a sizeable agency cross. But Standard Chartered, where talk of rights issues and takeovers were both heard, surged ahead to an all-time record.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	2,200	61½	-½
Abbey National†	22,000	409	-5
Albert Fisher	840	63	
Allied-Lyons†	2,600	540	+3
Anglian Water†	789	491	+1
Argos	277	304	-3
Argyll Group†	7,200	307	-3
Arjo Wiggins†	2,100	168	
Ass. Brit. Foods†	59	467	-3
Ass. Brit. Ports	123	409	+5
BAA†	3,800	727	+10
BAT Inds.†	8,400	418	+2
[illegible]	[illegible]	[illegible]	[illegible]
De La Rue†	2,100	841	-1
Dixons	1,300	192	
Eastern Elec.	1,000	490	-8
East Midland Elec.	1,500	465	-8
Eng China Clays	676	414	-8
Enterprise Oil†	1,500	449	+2
Eurotunnel Units	289	408	+3
FKI	1,600	139	+1
Fisons	1,300	177	+1
Foreign & Col. I.T.	646	231	
Forte†	3,700	220	-1½
Gen. Accident†	922	624	+2
[illegible]	[illegible]	[illegible]	[illegible]
MB Caradon†	347	279	-1
MEPC	225	440	+8
MFI	1,700	126	
Marley	297	535	-8
Marks & Spencer†	3,700	332	-2
Midlands Elec.	781	511	-8
Morrison (Wm.)	1,100	134	-6
NFC†	620	244	
NatWest Bank†	4,400	497	+6
National Power†	4,800	349	-9
Next	2,300	167	+3½
North West Water†	502	479	
[illegible]	[illegible]	[illegible]	[illegible]
Siebe†	639	480	-3
Slough Ests	1,300	225	+7
Smith (W.H.) A	2,200	438	+3
Smith & Nephew†	2,700	143½	+1
SmithKline Beecham†	1,100	424	
SmithKline Beecham Uts.†	1,200	376	+2
Smiths Inds.	1,000	384	-3
Southern Elec.	888	481	-8
South Wales Elec.	371	552	-7
South West Water	470	520	+1
South West. Elec.	861	501	-7
[illegible]	[illegible]	[illegible]	[illegible]
Vodafone†	802	440	+1
Warburg (SG)†	523	740	+8
Wellcome†	1,600	654	+2
Welsh Water	557	553	-7
Wessex Water	64	580	
Whitbread 'A'†	3,000	478	
Williams Hldgs.†	1,200	320	+2
Willis Corroon	790	218	
Wimpey	1,600	162	+8
Wolseley†	1,100	511	-1
Yorkshire Elec.	815	529	-8
Yorkshire Water	206	499	+2
Zeneca†	2,200	681	+3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

*First Dealings:		
Jul 5	Jul 19	Aug 2
Option Declarations:		
Jul 16	Jul 29	Aug 12
Last Dealings:		
Jul 16	Jul 30	Aug 13
Account Day:		
Jul 26	Aug 9	Aug 23

*New time dealings may take place from 8.30am two business days earlier.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2832.3 -4.8	3222.5 -7.5	1405.97 -2.47

[illegible]

Standard firm on bid hint

STRONG demand for Standard Chartered sent the shares sharply ahead to reach an all-time high amid rumours of rights issues and takeovers. The stock jumped 23 to 827p, although volume was thin at just under 1m shares traded.

A combination of mostly old stories surrounded the banking group. One was that the Development Bank of Singapore was in the process of preparing to make a takeover bid. Other stories included suggestions that the bank would soon make a cash call and also that LLoyds Bank was considering the placing of its 4.6 per cent stake in Standard, acquired during its abortive bid in 1986.

Unilever dives

Anglo-Dutch foods group Unilever recorded its biggest turnover for nearly four years and a second day's steep decline as fears resurfaced over the value of brands ahead of today's press conference on pricing strategy by Procter and Gamble.

Selected food manufacturing and drinks stocks weakened as investors took fright at the prospect of price wars, particularly in markets where margins are already under pressure. In Unilever's case this would apply to the detergents business, where P&G has indicated that it intends to bring pressure to bear.

Unilever shares followed Monday's fall of 25 with a further drop of 27 yesterday to 953p. Turnover was a hefty 7.1m, its biggest since November 1989. Among other strong "brand" groups, Cadbury-Schweppes weakened 9 to 439p, Tate & Lyle 5 to 385p, Grand Metropolitan 6 to 409p and Guinness 13 to 454p.

C&W advances

Reports that Energis, the new telecommunications venture set up by the National Grid, had told analysts that it would not be specifically targeting Mercury customers when it launches its new business next year lifted Cable and Wireless, Mercury's parent company.

Mercury was considered particularly vulnerable to Energis, which was launched three months ago, because its customers had already changed once from BT and could be prepared to do so again.

C&W also benefited from buying in the US which had created a shortage in ADRs. The shares advanced 7 to 770p. BT, which yesterday announced that the BT3 public offer was oversubscribed, steadied at 410½p.

ACT shares placed

Credit Lyonnais Laing placed 5.88m of the nil-paid new ordinary shares in computer software group ACT in a bought deal. The broker purchased the shares from Singer and Friedlander, the merchant bank, which decided not to take up its rights.

ACT launched a four-for-13 rights issue at 128p a share to raise £50.9m as part of a £93.5m deal to buy the rival BIS Group. It is thought the broker bought the shares at around 32.5p apiece and sold them to a variety of institutions at around 35.5p. The nil-paid closed 3 up at 36p. The ordinary shares finished 8 off at 159p ex-dividend.

Big Abbey turnover

An agency cross in banking group Abbey National sent turnover soaring to 22m shares, the day's highest total. Agency broker James Capel was believed to have taken a block of 7m from an institution at 410p, passing it on to several investors at 411p.

The stock has been weak since the tail end of last week when Robert Fleming reiterated its negative stance on the stock, saying bad debt was too high and thus the shares were overpriced. S.G. Warburg was also said to have turned cautious earlier this week, removing the stock from its buy list to a hold position. However, James Capel advised investors to buy on weakness. The shares closed 5 lighter at 409p.

BAT in demand

International trading group BAT Industries bucked the market trend after Morgan Stanley issued a strong "buy" recommendation. The shares finished 3 ahead at 418p following hectic trading of 9.4m.

A note from Mr Youssef Zial, an analyst at Morgan Stanley, calls BAT a "cheap insurance stock". He said: "At the current share price, BAT's insurance operations alone account for nearly all of the stock's market capitalisation. The tobacco activities, with pre-tax earnings of over £1bn per annum, are in for less than one year's profits."

Strong rumours were heard that Rank Organisation would accompany this morning's results with the announcement of a large hotel disposal. The shares rebounded following a weak session on Monday to close 8 up at 767p.

Market talk mooted that a £60m disposal had been agreed, suggesting that Rank may have finally sold one of its prestigious London hotels, such as the Royal Lancaster.

Food retailers endured another poor session, with UBS said to have lowered its profits forecasts for the leading stocks, the broker blaming low food price inflation and continuing margin pressure. Argyll Group lost 3 to 307p, Iceland 9 to 216p, Kwik Save 8 to 684p, Morrison Supermarkets 6 to 134p, J. Sainsbury 5 to 431p and Tesco 5½ to 201½p.

Strength in Great Universal Stores continued ahead of today's results, with hopes still high that it will announce plans to restructure its shares. The ordinary stock rose 138 to 3338p and the "A" 12 to 1765p.

Profit-taking in the Recs and bearish noises in the generators made for a weak elctricity utility sector. One broker was said to have issued "take profits" advice on National Power, down 9 at 349p, and PowerGen, 10 off at 371p. Among the Recs, Norweb declined 9 to 516p, as did East Midlands, to 465p.

Negative comment on Welsh Water ahead of results due today sent the shares tumbling 7 to 553p.

Tabloid wars continued with further falls in share prices, but analysts generally forecast they will prove to be just skirmishes and will not have a lasting effect on earnings. Centre of attention was United Newspapers, caught in the middle of a rights issue and facing increasing speculation that The Sun's cut in price is not so much an attack on the relatively bouyant Daily Mirror but an attempt to knock the Daily Star out of business. It moved down 5 to 516p. Mirror Group Newspapers lost 3 to 148p; Daily Mail Trust fell back 22½ to £96½ and Telegraph gave up 5 to 388p.

A mixture of profit-taking, some concern over BSkyB's expansion plans and resurgence of VAT fears were blamed for the tumble of 18 in Pearson shares to 442p. Volume was strong at 1.8m.

Banking stocks remained firm ahead of the interim reporting season. Barclays put on 4 to 485p, while Lloyds firmed 7 to 575p, on suggestions that it would soon sell its stake in Standard Chartered. A £200m Eurosterling issue was well received by the market and Royal Bank of Scotland shares firmed 3 to 290p.

Rumours that Hoare Govett had downgraded Reed, denied by the broker, dented the stock which fell 12 to 653p.

Container transport group Tiphook tumbled 27 to 259p, after the it said that accounting changes had led to a loss of £21.8m, against profits of £74.6m last year. However, the company raised the dividend to 19.3p from 17.3p.

The fall in copper prices saw international mining group RTZ slip 10 to 670p.

A shortage of stock in Laird Group sent the shares 15 higher to 314p. SG Warburg and Kleinwort Benson were reported to be positive on British Steel and the shares put 3½ to 100p, with volume closing at 10m.

Profit-taking after its recent run was responsible for the decline in British Aerospace. The shares gave up 7 to 420p.

Good results from HP Bulmer, with profits of £19.6m above analysts' expectations of 18.5m. The company said its profit growth was driven by rising sales in cider markets in the UK, Australia and Belgium. The UK cider market continued to expand, with sales volumes rising 12.4 per cent last year, it said.

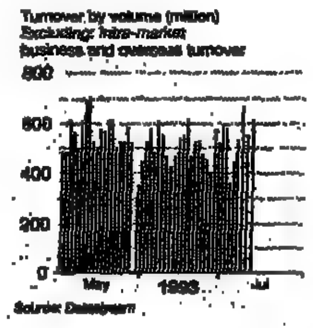
MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Christine Buckley.

■ Other statistics, Page 17

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Source: Datastream

FINANCIAL TIMES EQUITY INDICES

	July 14	July 13	July 12	July 9	July 8	Year ago	*High	*Low
Ordinary share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. div. yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earning yld % full	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E ratio net	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E ratio nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2226.7	2224.5	2223.7	2224.8	2222.2	2220.5	2217.9	2219.2	2220.5	2228.7	2217.3

Volume	July 14	July 13	July 12	July 9	July 8	Year ago
SEAQ Bargains	24,453	25,584	26,182	27,016	24,951	19,206
Equity Turnover(£m)†	-	1595.4	795.2	1227.9	1203.1	[illegible]
Equity Bargains†	-	30,433	28,922	30,471	28,950	22,226
Shares traded (ml)†	-	605.1	368.7	552.8	673.7	357.8

† Excluding intra-market business and overseas turnover.

London report and latest Share Index Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (136).
BRITISH FUNDS (35) OTHER FIXED INTEREST (10) CANADIANS (1) Toronto-Dom., BANKS (8) ANZ, Bk. Leumi, Bk. Scotland, Natl. Australia, NatWest, Standard Chrtd., BREWERS (1) Bulmer (HP), BLDG MATLS (1) Heywood Williams, BUSINESS SERVS (1) Bridgend, CHEMS (1) Porvair, ELECTRICALS (2) Ericsson, Motorola, ELECTRONICS ELECTRICITY (1) Midlands, ELECTRONICS (3) Elect'comps., Electron Hse., Scantronic, ENG GEN (3) Dyson (J & J), Do A, Kvaerner, FOOD MANUF (1) Avonmore, HOTELS & LEIS (2) Friendly Htls., Prism, INSCE BROKERS (1) Lowndes Lambert, INSCE COMPOSITE (1) GRE, INSCE LIFE (1) Legal & Genrl, INV TRUSTS (29) Abtrust Prfd. Inc., Dartmoor 6¼pc Deb. '25, European Assets, Exeter Prfd. Zero Deb. '02, Fidelity Euro. Values Wts., First Ireland, Gartmore Euro. Wts., Genesis Emrg. Mkts C Prf., Jove, Martin Currie Euro. Wts., Kleinwort High Inc. Zero Pf., Latin American, Mediterranean Fd., Mid Wynd, Murray Enterprise, Do Zero Cv. '94, Murray Ventures, Pantheon Wts., Primadona, RIT Capital, South America Fd. Wts., Sphere Inc., St Andrew, St David's, TR European Gwth., TR Technology Zero Pf., Do Stppd. Pf., Templeton Emrg. Mkts., Do Wts., MEDIA (2) Abbott Mead Vickers, Sterling Publsg., MTL & MTL FORMING (2) Morris Ashby, Thyssen, MISC (1) Nobo, MOTORS (5) Burndene, Laird, Lookers, Do 8pc Pf., Sanderson Murray E., OIL & GAS (1) Aviva, OTHER FINCL (3) Jupiter Tyndall, Mercury Asset Mngmt., Perpetual, PROP (7) Brit. Land, Do 8¾pc Pf., Estates & Agency, Fletcher King, Do Lnlnvest 11¼pc Deb. '12, Slough Ests., Do [illegible] Ovoca.
NEW LOWS (22).
BRITISH FUNDS (1) Treas. 8½pc '94, AMERICANS (1) Woolworth, BANKS (1) Espirito Santo, BUSINESS SERVS (2) Holmes Protn., RCO, CHEMS (2) BOC, Cairo, CONTG & CONSTRCN (1) EBC, ENG GEN (1) Berry Wehmiller, FOOD MANUF (4) BSN, Cranswick, JLI, Unilever, FOOD RETAILING (4) Kwik Save, Low (Wm), Sainsbury, Tesco, HEALTH & HSEHOLD (1) Intercare, MISC (2) Cornwell, Cosalt, OIL & GAS (1) Ex. Co Louisiana, PACKG, PAPER & PRINTG (4) Bowater 7¾pc Pf., Glondalkin, De La Rue, St Ives, PROP (1) Ascot, STORES (3) Boots, Country Casuals, Lloyds Chems.

LONDON SHARE SERVICE

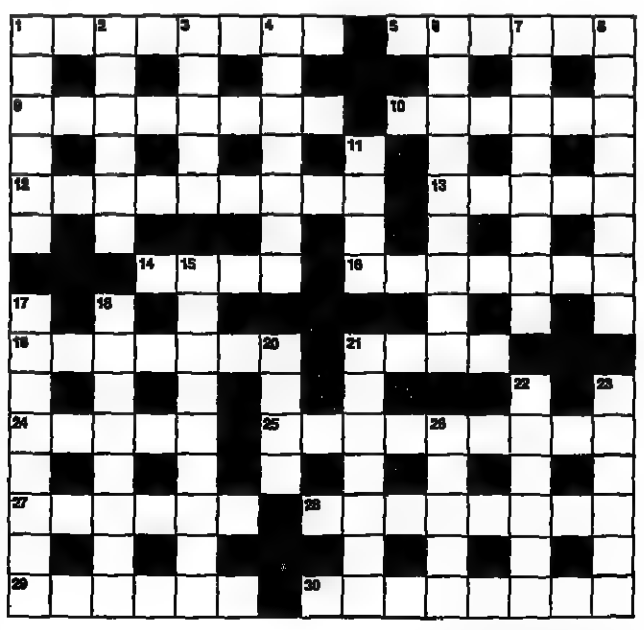
BRITISH FUNDS

[illegible]

Continued on next page

CROSSWORD

No.8,202 Set by FETTLER

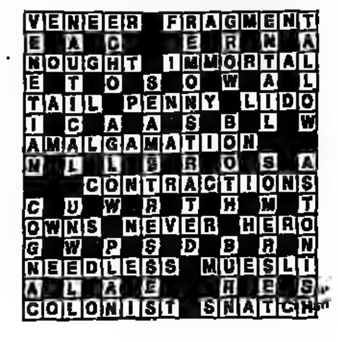


ACROSS
1 Cops returned, covered random raid, and scattered (8)
5 Very small note (6)
9 Material, red covered, is issued again (8)
10 Firm comprises group of companies under one management (6)
12 To sublimate, Eva P. spoke endlessly (9)
13 Fabric is nothing when covered in mud (5)
14 Game team-mate played in each half (4)
16 A short letter or memorandum's allowed (7)
19 Class love an uproar (7)
21 Morse, for example, established standards (4)
24 Clothed old in mean thin material (5)
25 I fear limp style, hence the megaphone (9)
27 One wanting editor to replace comma? In short, never! (6)
28 One tying labels on board and reels (8)
29 Hacienda in Mexico or Spain say (6)
30 Close to finish, lying one in front and one behind (3,3,3)

DOWN
1 Poles carrying Indian shield (6)
2 Being bereft of producer, cast harp on (5)
3 Am I to be assigned to a friend? (5)
4 I natter peevishly, repeating again and again (7)
6 It is hinted I'd left, influenced by threats (9)
7 It's said a French bride'll throw off restraint (8)
8 Steelment puddled ingredients (8)
11 Piercing cry for the dead (4)
15 Precipitate flight when Mont Pelee erupted (9)
17 Search among one's rejects; namely get one's own back (8)
18 Clear list for customs (8)
20 Audience went up this way (4)
21 Turkish admiral's headgear ain't peculiar (7)
22 Vessel in which thrombi remerge (6)
23 Forced open what was once highly valued (6)
24 It's often cast initially in nickel, gold or tin (5)

JOTTER PAD

Solution 8,201



EQUITY FUTURES AND OPTIONS TRADING

VOLUME showed more health in stock index futures as good inflation figures and expectations of a German interest rate cut breathed a little life into the market, Christine Buckley writes.

The better-than-expected inflation figures encouraged investors to hope that a UK interest rate cut may be if not round the corner, possibly on the horizon. Germany's cut, expected today, will add to the climate of anticipation.

But as such hopes are long-term the volume – 7,564 at close – didn't translate into an upward movement of the index and it was kept in check ahead of Wall Street's opening. The September contract on the FT-SE 100 started the day at 2,837 and just before the US market began trading it touched the day's low at 2,830. A rally from then on pushed it up to 2,850 in mid afternoon – a level which heralded the sellers. Their action took 10 points off to leave it at a 2,840 close – 5 points down on the previous day.

The contract was just over a point ahead of its fair value premium to cash which is 7 points although it had traded more convincingly ahead of that level during the day.

In traded options activity was strong in the Euro FT-SE 100 option which is stimulated by the expiry tomorrow of the July contract. It traded 6,427 lots. Total volume was 26,932 lots against the previous day's 29,437 with the FT-SE 100 option trading 7,646 lots.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		17¼xd	+⅛	20⅞	15⅜	14,593	2.5
Allegheny & W	♥	662p	—	662p	399p	338.8	2.9
Amdahl		338p	—	591p	302½p	378.2	0.9
Amer Cyanamid		35⅝	+⅞	38⅝	31⅝	3,223	2.9
Amer Express		21¼xd	—	21⅝	14⅝	10,226	3.0
Amer T & T		41½xd	−1	42½	33⅛	55,799	2.0
AmerTech		51⅞	−⅛	54½	46	22,712	4.5
BankAmerica		29⅞xd	−⅛	35⅛	27⅛	10,382	3.0
Bankers NY		58¾xd	−1⅛	62⅜	42⅝	4,083	3.9
Bell Atlantic		35	−1	38½	32⅛	16,508	4.4
BellSouth		36⅛	−½	38⅝	32⅞	18,154	4.8
Bethlehem Steel	♥	11⅝xd	−⅛	13⅛	10	1,060	–
Bowater		1360pxd	−49	1552p	1287p	492.8	1.8
CPC		27⅞xd	−⅛	34⅝	28	4,212	2.9
California Engy		1234p	—	1478p	1066p	224.7	–
Chase Manhattan		21⅞xd	−⅛	24½	17⅛	3,424	3.5
Chrysler		31⅝xd	−⅜	32⅝	21⅛	9,187	1.2
Citicorp		20⅞xd	−⅛	21⅞	13⅛	7,853	–
Colgate-Palm		36⅝xd	−⅛	45⅝	35⅛	6,167	2.3
Cont'l Bank		1599p	−60	1877p	1278p	1,584	2.4
Dana		35½xd	−⅛	36⅛	29⅞	1,830	2.9
Data General		634p	+7	951p	587p	174.9	–
Decora Inds	♥	135p	—	149p	109p	–	–
Dun & Brad		38⅞	—	42⅛	37⅛	7,107	3.9
Eaton	h	28⅛	−⅛	31⅛	25⅛	1,983	2.4
Echlin		18⅞xd	—	18⅞	15⅛	1,114	2.3
FPL		25⅞xd	−⅛	27⅜	23⅛	4,886	6.1
Ford Motor		33⅞xd	−⅛	36½	28⅞	16,636	1.9
Gen Elect		65⅝xd	−⅛	66⅞	53⅛	56,046	2.4
General Host	♥	651p	+6	723p	518p	–	4.1
Gillette		35⅞xd	−1⅛	42⅝	31⅛	7,567	1.5
Hasbro		20⅝	—	20⅝	20⅝	1,819	0.7
Honeywell		25⅞xd	−⅛	25⅝	20⅞	3,476	2.2
Houston Inds		30	—	33⅛	28⅛	3,865	6.3
Ingersoll-Rand		21½xd	−½	25	18⅛	2,246	2.0
Lockheed		43⅞	−⅛	44⅛	35⅛	2,882	3.0
Lowe's	h	2803p	+27	2817p	1573p	1,889	0.7
Maxwy Technology		154p	+27	203p	127p	–	–
Merrill Lynch		56⅝xd	−1⅛	57⅞	37	5,819	1.3
Morgan (JP)		47¼xd	−1⅛	48⅛	38⅛	9,140	3.2
Morris (Philip)	$	32⅞xd	−⅛	52⅝	28⅞	30,297	5.0
NYNEX		60⅛	−1	64⅛	52⅛	12,478	4.9
Pall		11⅛xd	−⅛	15	11	1,389	1.7
Pennzoil		41⅝xd	−⅛	44⅞	31⅞	1,885	4.6
Quaker Oats		48⅝xd	−⅛	50⅞	39⅛	[illegible]	2.4
Questex		197p	−22	229p	161½p	20.7	–
Rockwell		20⅞xd	−⅛	22⅞	18⅛	4,578	3.0
Rep NY		34⅞xd	−⅛	37⅛	29⅛	1,812	2.0
Sears, Roebuck		28⅛xd	−10⅛	29⅛	18⅛	7,364	3.6
Sthwestern Bell	h	28⅛	−⅛	28½	23⅛	15,743	3.8
Sun Co		16½xd	—	27⅛	14⅛	1,753	6.9
Tenneco		34⅝xd	—	34⅝	25½	5,801	2.9
Texaco		42⅛xd	−⅛	44⅛	37⅛	10,899	4.8
Time Warner	h	25⅛xd	−⅛	26⅛	18⅛	9,380	0.7
Unitab	♥	427p	—	460p	356p	194.4	–
US West		30⅞	−⅛	31⅛	24⅛	12,798	4.4
Varity		1977p	−28	2260p	1685p	567.8	–
WMX Technologies		20⅞xd	[illegible]	27⅛	19⅛	10,238	1.8
Whirlpool		3795pxd	−47	3870p	2824p	[illegible]	2.0
Woolworth	♥	17⅛	−⅛	21½	17⅛	2,286	4.0

CANADIANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbot Energy	♥	2p	—	2p	2p	–	–
Amer Barrick		1646p	−20	1780p	890½p	4,676	0.5
Bk Montreal	h	13⅛	—	13⅞	11⅛	3,411	4.1
Bk Nova Scot		1388p	—	1429p	1111p	2,934	4.1
BC Gas	♥	826p	+4	847p	723p	–	3.6
BCE		23⅛	—	23⅝	20⅝	7,274	6.6
Brascan	♥	703p	+14	721p	454p	579.8	7.8
Breakwater	♥	11½p	−⅛	16½p	10p	7.23	–
Can Imp Bk		1739p	—	1739p	1228p	3,455	3.8
Can Pacific		1034p	−25	1111p	810p	3,298	1.5

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

STORES

PLANTATIONS

MINES

MINES - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MOTORS

OIL & GAS

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Top Stock"
- ▪ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR "Headline Earnings" draft proposals.
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT5855. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071-407 5966

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	395.07	395.87	421.14	-4.07	4.19
Global Inc	5	61.88	61.98	65.51	+0.02	2.98
Brit Leaders	5	305.3	305.3	324.79	-0.32	2.18
Intl Leaders	5	193.64	193.84	206	-0.34	0.63
F/as Mar Int Earth Inc	5	55.03	56.55	58.75	+0.02	2.89

Singer & Friedlander UT Mgmt Ltd (1000)F
PO Box 224, Beckenham, BR3 4TF 081-663 3005

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Trust	6	52.62	52.76	56.13	-0.80	1.11
Far Eastern Tst	6	62.23	63.23	67.39	-0.46	0.27
Smaller Cos	6	165.5	160.5	170.8	+0.1	1.52

Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A 3AS 071-637 5377

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American	5	266.9	266.9	282.1	-1.8	0.78
S & W Capital	6	118.8	118.8	127.3	-0.3	1.71
S & W Cash	0	101.38	101.38	101.38	+0.01	5.32
S & W European	5	113.1	113.1	119.5	-0.6	0.94
S & W Far Eastern	6	149.6	148.9	158.8	+0.3	0.00
S & W Growth	5	125.2	128.9	134.3	-0.2	1.31
S & W Income	6	116.3	118.5	123.2	+0.1	4.56
S & W Managed	5	123.8	123.6	132.5	-0.3	1.68
S & W Smllr Socs	5	320.8	327.4	346.4	-1.8	0.38
S & W Thoroughbred	5	146.0	146.0	155.5	-0.3	1.56

Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	1	49.85	49.85	50.35	—	5.3
Capital Preference	5½	58.79	57.13	60.83	+0.02	7.7
Global	5½	52.30	53.22	56.61	+0.01	3.9
European Growth	6½	58.94	59.28	63.71	-0.52	2.8
Income	5½	52.82	52.88	56.51	+0.07	5.7
Intl Growth	5½	81.50	82.02	87.40	-0.66	2.8
Managed	5½	69.69	70.43	75.12	-0.29	3.6
UK Growth	6½	58.21	58.88	62.61	+0.03	4.4

Standard Life Tst Mgmt Ltd (0730)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Fidelity Investment Services Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Exempt American Portfolio	140.6	143.1	-0.30	0.00
Mngd Pens P'folio	174.4	179.5	-0.40	0.00

Fledgeling Charity Portfolio
25 Copthall Avenue EC2R 7DR 071-638 5858

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	£1.1099	1.1482	—	3.91
Bond	£1.0435	1.0662	-0.0012	8.50

Robert Fleming Asset Mngmt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Am Exempt	£619.07	628.01	-6.47	1.68
Gen Exempt	£153.62	156.88	-0.10	3.30
Jap Exempt	£615.05	628.01	+7.42	1.04
Pacific Exempt	£156.71	160.50	-2.16	1.59
Cont Euro Exempt	£121.04	124.02	-0.08	2.35

Foreign & Colonial Unit Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Balanced Acc Jul 6	187.8	195.0	+2.9	3.38
Balanced Inc Jul 6	184.3	191.5	+2.8	3.38
Latin American Acc Jul 13	107.3	108.6	+4.7	1.80

Funds In Court*

	Bid Price	Offer Price	+ or -	Yield Gross
Capital May 27	561.78	658.04	—	3.72
Gross May 27	295.77	297.43	—	10.14
High Yield May 27	338.00	340.71	—	7.84

* Restricted to monies under Court control

Govett (John) Unit Mngmt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Exempt	109.28	113.23	+0.08	3.80

Henderson Unit Trust Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Pensions Mngd	61.98	63.25	-0.04	2.75
Henderson TR				
Ex European	1327.96	1337.33	-2.30	1.65
Ex Nth American	1480.24	1419.50	-8.00	0.72
Ex Pacific Basin	822.89	867.31	-2.84	0.62
Ex Smaller Cos Inc	1958.74	2085.28	-1.56	2.51
Ex Smaller Cos Acc	2096.65	2212.92	-1.67	2.51

INVESCO Asset Management Ltd

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capitol Life Assc. Co Ltd - Contd.				
Alpha Pension Funds				
UK Alpha		228.1	+0.3	-
US Alpha		122.0	-0.8	-
Gilt Alpha		87.7	-	-
Gold Alpha		99.5	-1.5	-
Japan Alpha		45.7	-0.3	-
US Dollar Alpha		76.5	-0.4	-
Yen Alpha		81.3	-0.4	-
DM Alpha		88.1	-0.7	-
European Alpha		88.9	-0.1	-
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ 0256 470707				
Gold Range (Pensions)				
Managed Fund		157.2	+0.3	-
Provident Mutual Life Assc. Assn.				
6 Hills Way Stevenage Herts SG1 2ST 0438 732000				
Managed Ord	419.4	441.5	+0.6	-
Managed Init	295.9	311.5	+0.3	-
Equity Ord.	621.2	654.5	+1.7	-
Equity Init	438.8	461.8	+1.2	-
Index Linked Gilt Ord.	197.1	207.5	+0.3	-
Index Linked Gilt Init	145.3	152.8	+0.2	-
Overseas Equity Ord	341.3	359.3	-0.4	-
Overseas Equity Init	240.8	253.9	-0.3	-
Property Ord	229.2	241.3	+0.1	-
Property Init	161.7	170.2	-	-
Fixed Interest Ord	267.2	281.3	-0.2	-
Fixed Interest Init	188.5	198.4	-0.2	-
Deposit Ord	197.2	207.6	-	-
Deposit Init	139.1	146.4	-	-
Pension Funds				
Managed Ord	553.7	582.8	+0.8	-
Managed Init	390.7	411.3	+0.6	-
Equity Ord.	846.9	891.5	+2.9	-
Equity Init	597.5	629.1	+2	-
Pen Ind Lkd Gilt Ord	224.6	236.4	+0.4	-
Pen Ind Lkd Gilt Init	165.5	174.2	+0.2	-
Overseas Equity Ord	397.8	418.7	-0.8	-
Overseas Equity Init	280.6	295.4	-0.5	-
Property Ord	293.2	305.6	+0.1	-

Scottish Amicable

150 St Vincent St, Glasgow

Sun Alliance Group - Contd.

OFFSHORE INSURANCES

Royal Skandia Life Assurance Ltd - Contd.

Equitable International Fund Managers Ltd

Merrill Lynch Guernsey

J. Rothschild International Assce plc

MANAGEMENT SERVICES

ISLE OF MAN (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

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Midland Bank Fund Managers (Jersey) Ltd

Prudential Fund Managers (Jersey) Ltd

Royal Trust Jsy Fd Mngt Ltd (1400)F

Standard Bank Fund Mgmt (Jersey) Ltd

TSB Trust Funds (CI)

JERSEY (REGULATED)(**)

Barclays Intl Funds

Cater Allen Investment Management (CI)

Citibank (CI) Ltd "Citifunds"

Citibank S.A.

Credit & Co (Jersey) Fund Managers Ltd

EBC Fund Managers (Jersey) Ltd

Fleming Group

Foreign & Colonial Mngmt (Jersey) Ltd

Gracos Fund Ltd

INVESCO International Limited

Lloyds Bank Trust Co (CI) Mngrs

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

Royal Trust Intl Fd Mngt Ltd

Schroder Mngt Services (Jersey) Ltd

TSB Trust Funds (CI)

Tyndall International (Jersey) Ltd

Warburg Asset Management Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Abtrust Fund Mngrs Luxembourg SA (u)

Bank Von Ernst & Cie AG

Banque Scandinave a Luxembourg SA

Banque Scandinave a Luxembourg SA - Contd.

Barclays Diversified Portfolio

Barclays Inv Funds (Luxembourg)

CMI Asset Management (Luxembourg) SA (u)

Commercial Union Luxembourg SA (u)

Credit Suisse

Dresdner Bank

Fleming Group

Jupiter Tyndall Global Fund

Kleinwort Benson Japanese Warrant Fund

Kleinwort Benson Select Fund (u)

Latin American Mngmt Group Ltd (u)

Liberty ALL-STAR World Portfolio

Lloyds Bank Luxembourg

Midland Internatnl Circuit Fund SICAV (u)

Nomura Global Fund (u)

PRICOA Worldwide Inv Portfolio Sicav (u)

Regent Global Fund (u)

Sarasin Investment SICAV (u)

Schroder International Selection Fd (u)

Sun Life Global Management Ltd (u)

Templeton Global Strategy SICAV

Thornton Management (Germany) Ltd (u)

S.G. Warburg Asset Mngmt Lux SA (u)

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (u)

Alliance Capital

Asian Development Equity Fund

Atlantos Sicav

BAII Intermarket Fund

Banque Ferrier Lullin (Lux) SA

Banque Paribas Luxembourg

CS Fund International (u)

CSFB Umbrella

Capel-Cure Myers Intnl Fd Sicav (u)

Citicorp Investment Mgmt (Luxembourg) SA

Clemente Korea Emerging Growth Fund

Credit Commercial de France

Credit Lyonnais Rouse (Bermuda) Ltd

Credit Suisse

Daiwa Japan Small Equity Fd (u)

Dean Witter World Wide Invest. Tst SA

The Dragon Fund Sicav

Espirito Santo Investment Mngmt (SICAV)

Europe Valor Fund (u)

Fidelity Intl Inv Mngt (Luxembourg) SA

Fidelity Investment (CI) Ltd

Fleming Group

Garmore Funds

Guinness Flight

H.C.M. HYPO Capital Management Lux SA

INVESCO International Limited

Lloyds Bank Luxembourg

Mediterranean Fund (SICAV) (u)

Merrill Lynch Asset Management

Morgan Stanley

Nikko Bank (Luxembourg) S.A.

Nomura Asian Infrastructure Fd SICAV

Nomura Rosenberg Alpha Fund Mark II

North Currency Fund

Pacific Basin Growth Fund

Pacific Global Mngt Co SA (u)

Rosenberg Management SA (u)

Rosenberg US Japan Mngmt Co SA (u)

Edmond de Rothschild Group

SCUTECH SA

Scudder, Stevens & Clark

Target International Ltd

Templeton Emerging Asia

Templeton Worldwide Investments

Transworld Bond Trust

US Pacific Stock Fund (u)

Unibank SA, Frontrunner I (u)

Union Financial Services SA Lux

Wardley NAPT (Luxembourg) SA

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund-SICAV

World Trust Fund

Yamaichi Advanced Technology Fund

Yamaichi 1992 DM80 Fund SICAV (u)

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Investments AG

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

Asian Malaysian Growth Fd (Cayman) Ltd

Alliance Capital

Allied Dunbar International Fund Mngrs

Alpha Fund Management Ltd

Asian Convertibles & Income Fd (Cayman)

Austro-Hungary Fund Ltd

BEA Associates

Julius Baer Bank & Trust Co Ltd

Bank Von Ernst & Cie AG

Barclay Eurofutures Fund Ltd

Baring International Group

The Batavia Fund Ltd

Bermuda Capital Company Ltd

Bermuda Intl Invest Mngmt Ltd

Bordier Funds Ltd

The Brazilian Inv Fund

Bridge Management Ltd

Buchanan Fund Ltd

Butterfield Management Co Ltd

CA Securities Investment Fund Mangt Ltd

CDC International

Centrade ITEC Fund Management

Capital International

Cathay Clemente (Holdings) Limited

Charterhouse Funds Ltd

The China Fund

China Investment Company

The China Invest & Development Fd Ltd

Citizens Investment Trust Mgt Co Ltd

Connaught Investments Ltd (Hong Kong)

Craig Drill Capital Ltd

Credit Lyonnais Intl Asset Mgmt (HK) Ltd

Credit Lyonnais Rouse (Bermuda) Ltd

Cregem International Bank

Curzon Corporation N.V.

DWS Deutsche Ges. F. Wertpapiersp

Dachan Investment Trust Co Ltd

Daiwa APT Japan Fund

Daiwa Intl Capital Management (H.K.) Ltd

Daiwa Japanese Equity Warrant Fund

Deutscher Investment-Trust

EBC Overseas Fund Ltd

Eagle G-7 Mexico Fund Ltd

East Asia Henan Asset Mngt Fd Ltd

Emerging Markets Management

The Environmental Investment Co Ltd

Ermitage Group

Fleming Group

Fidelity Investments

Falcon Fund International Inc

First Mexico Income Fund

Five Arrows Chile Fund Ltd

Formosa Fund

Formosa Growth Fund Limited

Frankfurt Trust Investment-GmbH

GT Chile Growth Fund Ltd

GT Management Plc

Gale Currency Funds

Gartmore Sector Analysis Portfolio NV

Genesis Fund Managers Ltd

Gerlach SA

Global Asset Management

Global Government Plus Fund

Goldman Sachs

Govett (John) Mgmt (Guernsey) Ltd

Grosvenor Overseas Partners Ltd

Greystone Portfolio Fund

Group One Limited

Group Cas International Ltd

Haussmann Holdings NV

Indosuez Asia Invest Services Ltd

The Jaguar Fund N.V.

The Japan Capital Secured Trust

Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd

Johnson Fry Securities Ltd

Kestrel

Korea Investment Trust Co Ltd

Lehman Brothers Sports Growth Fund

Lippo Asia Ltd

Lloyd George Management

London Portfolio Services Group

MFS Meridian Funds

Malaysia Capital Fund Ltd

Malaysia Fund (Labuan)

Malaysia Growth Fund

Mauritius Fund Ltd

MeesPierson

Merrill Lynch Asset Management

Merrill Lynch Germany

Mitsubishi International Ltd

Montgomery Emerging Markets Fund Ltd

Moore Global Investments

Morgan Stanley Emerging Market Fund

Morgan Stanley Japanese Warrant Fund NV

National Investment Trust Company Ltd

The Newport International Management

Nomura Warrant Fund 1990 Ltd

North Star Fund Managers (Cayman) Ltd

Odey Asset Management Ltd

Old Ironsides International Fund Ltd

Optima Fund Management

Orbitex Bahamas Ltd

ORIENT Growth Fd

PFC Intrinsic Portfolio Fd Mngt Ltd

PRS International

Pacific Growth Fund

Pakistan Fund

Pequot International Fund Inc

Philippine Income Fund Inc

Portuguese Investment Fund Ltd

Putnam International Advisers Ltd

Quantum Group

Real Estate Strategies Ltd

Regent Fund Management Ltd

Rosenwald, Rodti & Co

Rothschild Asset Management (CI)

Royal Trust Intl Money Market Fund

Sabre Futures Fund

Safra Republic Holding

Schroder Investment Management Limited

Schroder Japanese Warrant Fund

Schroders Asia Limited

Schroders Australia Ltd

Schroder (Switzerland) Fund

Schroder Bermuda Funds

Scudder, Stevens & Clark Inc

Segespar Securities (Bermuda) Ltd

Shizuoka Investment Mngmt (Bermuda) Ltd

Soditic Asset Management Inc

Carl Spaengler KAG

State Street Banque SA

Taiwan Fund Managers Limited

Taipei Fund

Taiwan Tracker Fund Limited

Templeton Galbraith & Hansberger Ltd

The Thai Development Capital Fd

The Thai-Euro Fund Ltd

The Thai Prime Fund Limited

The Thailand Fund

The Thailand Growth Fund

The Thailand Intl Fund Ltd

Thames Company Funds

Thornton Investment Management Ltd

Trans Global Investments Limited

Tyndall International (Bermuda) Ltd

Ultra Futures Fund Ltd

Ultra Hedge Fund Ltd

Ultra Sector Fund Ltd

Ultra Value Fund Ltd

Vela-Trao Investment Management Ltd

The Vietnam Fund Limited

Vigilant Fund Company Ltd

Wardley Investment Services Ltd

Wells Fargo U.S. IT Fund

Worldwide Limited

Yamaichi International Investment Fd Ltd

Yamaichi Capital Mngmt (Guernsey) Ltd

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

No holiday for the ERM

Several European central banks spent the French Bastille day holiday intervening to support existing ERM parities, *writes Stephanie Flanders.*

Both the French franc and the Danish krone were under persistent speculative pressure yesterday, despite a limited cut in the German repo rate, frequent intervention by the German, French, Danish and Dutch central banks and a vow of support from France's President Mitterrand.

The Danish currency began the day at the bottom of the ERM grid. Traders claimed that the Dutch and Danish governments had intervened in the market repeatedly during the day. The Krone closed at DKr3.8951 against the D-Mark, only slightly above its floor of DKr3.9016. Also catching the markets' attention was the Spanish peseta, which lost more than 1.5 pesetas against the D-Mark to close at 78.70.

Many traders thought that the Krone and the Spanish peseta had diverted speculators' energies from the franc, but it was not left untouched. The French currency lost ground during the night and in morning trading on European markets, at times touching the FFr3.42 level for the first time this week.

Analysts were unimpressed with the 2 basis points cut in the German repo rate, taking it as a sign that there will be no cut in official German rates at today's Bundesbank meeting. However, many market traders are still looking for a German cut, and may react aggressively if this does not transpire.

Frequent small but public interventions by the Bundesbank held the franc within a FFr3.415-3.420 range. But the Bank of France also intervened, using a large commercial bank as an intermediary to purchase francs outside the country. The French unit closed in London at FFr3.417 against the D-Mark, down from the previous day's FFr3.414.

In stark contrast to events on the continent, sterling yesterday continued to make steady gains against the dollar and the D-Mark. Sterling closed at $1.5025, nearly a cent higher than the previous close of $1.493. It showed even more strength against the ERM currencies, gaining nearly a pfennig to close at the DM2.5775.

In recent months, a number of dealers have claimed that DM2.58 was an important barrier. Although the pound may be experiencing some 'safe haven' gains from developments in the ERM, many in the market consider the British currency's recent strength to be long term. "The rise in sterling is a continuation of the effect of Tuesday's output figures", commented one London dealer. "It is driven more by the all-round positive outlook for the economy, than any temporary ERM excitement".

The dollar weakened considerably, with subdued US producer price figures and profit taking between them taking the US currency down from yesterday's close of DM 1.721 to close at DM1.716.

£ IN NEW YORK

Jul 14	Latest	Previous Close
£ Spot	1.5015-1.5025	1.4975-1.4985
1 month	0.38-0.37pm	0.38-0.37pm
3 months	1.05-1.02pm	1.02-1.01pm
12 months	3.13-3.03pm	3.03-2.95pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	192.854	188.018	-2.51	4.83	42
Spanish Peseta	154.250	152.286	-1.27	3.52	22
Dutch Guilder	2.19672	2.19536	-0.06	2.27	23
Irish Punt	0.808628	0.808913	0.04	2.17	22
D-Mark	1.94964	1.95030	0.06	2.14	30
Belgian Franc	40.2123	40.2550	0.11	2.10	20
French Franc	6.53883	6.66808	1.98	0.22	-81
Danish Krone	7.43679	7.60083	2.21	0.00	-77

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

STERLING INDEX

POUND SPOT - FORWARD AGAINST THE POUND

CURRENCY RATES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

Korea(Sth)	1195.60 - 1214.85	802.70 - 809.10
Kuwait	0.45100 - 0.45200	0.30140 - 0.30190
Luxembourg	53.15 - 53.25	35.35 - 35.45
Malaysia	3.8470 - 3.8540	2.5695 - 2.5705
Mexico	4.6800 - 4.6830	3.1230 - 3.1250
N.Zealand	2.7245 - 2.7275	1.8180 - 1.8200
Saudi Ar	5.6100 - 5.6215	3.7495 - 3.7505
Singapore	2.4215 - 2.4275	1.6195 - 1.6205
S.Af (Cm)	5.0130 - 5.0240	3.3535 - 3.3550
S.Af (Fn)	6.8780 - 6.8930	4.5900 - 4.6000
Taiwan	39.70 - 39.85	26.50 - 26.60
U.A.E.	5.4960 - 5.5090	3.6715 - 3.6735

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.502	2.577	161.2	8.805	2.270	2.900	2398	1.928	53.20	202.8	1.323
$	0.666	1	1.716	107.3	5.862	1.611	1.931	1599	1.284	35.42	135.0	0.881
DM	0.388	0.583	1	62.55	3.417	0.881	1.125	925.9	0.748	20.64	78.70	0.513
YEN	6.203	9.318	15.99	1000.	54.62	14.08	17.99	14801	11.96	330.0	1258	8.207
F Fr.	1.136	1.706	2.927	183.1	10.	2.578	3.294	2710	2.190	60.42	230.3	1.503
S Fr.	0.441	0.662	1.135	71.01	3.879	1	1.278	1051	0.849	23.44	89.34	0.583
N Fl.	0.345	0.518	0.889	55.59	3.036	0.783	1	822.8	0.665	18.34	69.93	0.456
Lira	0.419	0.630	1.080	67.56	3.690	0.951	1.215	1000.	0.808	22.30	85.00	0.554
C $	0.519	0.779	1.337	83.61	4.567	1.177	1.504	1238	1	27.59	105.2	0.686
B Fr.	1.880	2.823	4.844	303.0	16.55	4.267	5.451	4485	3.624	100.	381.2	2.487
Pta	0.493	0.741	1.271	79.49	4.342	1.119	1.430	1177	0.951	26.23	100.	0.652
Ecu	0.756	1.135	1.948	121.8	6.655	1.716	2.192	1803	1.457	40.21	153.3	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF) July 13

Strike	Calls August	Calls September	Calls December	Puts August	Puts September	Puts December
118	-	2.10	-	0.05	0.17	0.68
119	-	1.30	-	0.12	0.37	1.04
120	0.39	0.70	1.06	0.44	0.75	-
121	0.11	0.32	0.72	-	1.37	-
122	0.04	0.13	0.44	-	-	-
Open Int	24,413	131,168	48,790	29,146	175,966	30,736

Estimated volume 62,627 † Total Open Interest 470,678

† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5025	1.4988	1.4922	1.4846	1.4718

BASE LENDING RATES

	%
Adam & Company	6
Allied Trust Bank	6
AIB Bank	6
●Henry Ansbacher	6
B & C Merchant Bank	13
Bank of Baroda	6
Banco Bilbao Vizcaya	6
Bank of Cyprus	6
Bank of Ireland	6
Bank of India	6
Bank of Scotland	6
Barclays Bank	6
Brit Bk of Mid East	6
●Brown Shipley	6
CL Bank Nederland	6
Citibank NA	6
City Merchants Bank	6
Clydesdale Bank	6
The Co-operative Bank	6
Coutts & Co	6
Credit Lyonnais	6
Cyprus Popular Bank	6
Duncan Lawrie	6
Equatorial Bank plc	6
Exeter Bank Limited	7
Financial & Gen Bank	7
●Robert Fleming & Co	6
Girobank	6
●Guinness Mahon	6
Habib Bank AG Zurich	6
●Hambros Bank	6
Heritable & Gen Inv Bk	6
●Hill Samuel	6
C. Hoare & Co	6
Hongkong & Shanghai	6
Julian Hodge Bank	6
●Leopold Joseph & Sons	6
Lloyds Bank	6
Meghraj Bank Ltd	6
McDonnell Douglas Bk	6
Midland Bank	6
Mount Banking	6
NatWestminster	6
Nykredit Mortgage Bnk	6.5
●Rea Brothers	6
Roxburghe Bank Ltd	6
Royal Bk of Scotland	6
●Smith & Williamson Secs	6
Standard Chartered	6
TSB	6
●United Bk of Kuwait	6
Unity Trust Bank Plc	6
Western Trust	6
Whiteaway Laidlaw	6
Wimbledon & Sth West	7
Yorkshire Bank	6

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

German rates ease

The Bundesbank kept the markets guessing yesterday by combining a limited cut in it repo rate with a generous injection of funds in this week's tender, *writes Stephanie Flanders.*

The slight easing of monetary conditions brought German call money rates down a fraction. Pressure on the French franc persisted, however, since few now expect a more substantial loosening of policy at today's Bundesbank council meeting.

In all, the German central bank injected an extra DM9.5bn of funds into the domestic money markets. Traders had been ready to interpret any net addition of more than DM7bn as a supportive gesture towards the French authorities. However, most of the funds were allocated at 7.28 per cent, only 2 basis points lower than last week's fixed repo rate of 7.30 per cent.

"The Bundesbank really only did all that it had to," commented one London-based trader. "No repo rate reduction would have been tantamount to hanging the franc out to dry". In holiday trading by Paris commercial banks, French one month money market rates rose 20 basis points to 8.40 per cent, though 3 month rates were steady at 7.50 per cent.

In London, a large £2.55bn shortage which had been widely anticipated proved easy to despatch. The Bank of England offered over £2.1bn in the first round alone, of which the majority was offered for repurchase. Although this took some of the pressure off short rates, overnight rates went as high as 6¾ per cent before falling to a low of 5¾ per cent.

Elsewhere in sterling money market, the news that British retail price inflation for June had been the lowest for nearly 30 years helped to balance the inflationary concerns produced by yesterday's strong output data. Three month sterling money market rates stayed steady at 6 per cent.

Trading in sterling futures reflected the view that the combination of the output and inflation figures left the British government in a position to cut interest rates at its leisure.

"It is still almost 99.9 per cent certain that interest rates will fall before the end of the year", said one London analyst. "But there is considerably more up-side potential for a cut before December than before September, because the politicians are in a position to play it long".

The September and December sterling contracts rose nearly 10 basis points in the morning, but later closed 5 basis points higher at around 94.21 and 94.44 respectively.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jul 14)	3 months US dollars		6 months US Dollars
bid $3\frac{3}{8}$	offer $3\frac{1}{2}$	bid $3\frac{1}{2}$	offer $3\frac{1}{2}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	3.09	Three year	4.31
Broker loan rate	5	Two month	3.02	Five year	5.01
Fed.funds	3	Three month	3.10	Seven year	5.37
Fed.funds at intervention	-	Six month	3.22	10-year	5.74
		One year	3.41	30-year	6.60
		Two year	4.01		

Jul 14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.25-7.35	7.35-7.45	7.25-7.40	7.25-7.35	6.95-7.10	8.25
Paris	-	-	-	-	-	6.75
Zurich	$4\frac{5}{8}$-$4\frac{7}{8}$	$4\frac{5}{8}$-$4\frac{3}{4}$	-	[illegible]	-	-
Amsterdam	7.00-7.12	6.98-7.03	-	6.80-6.88	-	-
Tokyo	[illegible]	-	-	-	-	-
Milan	$9\frac{1}{4}$-$9\frac{7}{8}$	[illegible]	-	[illegible]	-	-
Brussels	-	[illegible]	-	[illegible]	-	-
Dublin	$6\frac{1}{4}$-$6\frac{1}{2}$	[illegible]	$6\frac{1}{2}$-$6\frac{5}{8}$	[illegible]	$6\frac{1}{4}$-$6\frac{3}{8}$	-

LONDON MONEY RATES

Jul 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	$6\frac{1}{2}$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	$5\frac{1}{2}$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	$5\frac{7}{8}$	$5\frac{7}{8}$	[illegible]	$5\frac{7}{8}$	[illegible]	[illegible]
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6	[illegible]	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	[illegible]	[illegible]	[illegible]	-
Bank Bills (Buy)						
Fine Trade Bills (Buy)						
Dollar CDs						
SDR Linked Dep. Offer						
SDR Linked Dep. Bid						
ECU Linked Dep. Offer						
ECU Linked Dep. Bid						

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close July 14

Quotations in cents unless marked $

INDICES

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

M.S. Capital Int.(1/1/70) $	587.9*	587.0	581.8	581.4	578.30 (3/6)	488.80 (13/1)
Euro Top-100 (26/6/90)	1036.34	1034.35	1030.46	1025.88	1036.34 (14/7)	862.73 (13/1)

**Saturday July 10: Taiwan Weighted Price; 4079.58, Korea Comp Ex. 759.87.
♥ Subject to official recalculation.

*Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, 882.20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Wednesday, July 14, 1993

	Stocks Traded	Closing Prices	Change on day
Nikkatsu	17.8m	24	-3
Kawasaki Steel	5.3m	343	+2
Sumitomo Mtl Ind.	4.3m	344	-1
Sumitomo Mtl Min	4.2m	1,090	-10
Nippon Steel	4.1m	373	+1
Mitsubishi Hvy	3.0m	663	-12
Kyocera	2.9m	6000	+60
Ricoh	2.8m	798	+6
Hitachi	2.6m	878	
Toshiba	2.6m	693	+7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14 5/8	11 1/2	AAR Corp	0.48	3.6	25	340	13 5/8	13 1/4	13 1/2	
28 3/8	20	A L Labs A	0.18	0.7	45	119	26 1/8	25 1/2	26 1/8	+7/8
63 7/8	54 5/8	AMP Inc	1.60	2.6	22	2325	62 1/4	61 7/8	61 7/8	-1/4
72 3/4	55 1/2	AMR			9	6824	63	60 7/8	62 1/2	+1 1/4
2 3/4	1 5/8	ARX			15	185	2 1/2	2 3/8	2 1/2	-1/8
51 1/2	29 7/8	ASA	2.00	4.2	31	490	48 7/8	47 3/8	47 5/8	-7/8
30 3/4	22 5/8	Abbott Lab	0.68	2.6	16	12057	26 1/4	25 5/8	25 7/8	
12 3/8	10 1/4	Abitibi Pr	0.50	4.7	4	5	10 5/8	10 5/8	10 5/8	
14 1/8	8 1/4	Acptacelo			216	55	13	13	13	+1/4
32	25 1/2	ACE Ltd	0.40	1.4		4409	29 1/2	29 1/4	29 1/4	-3/8
12	10 3/4	ACM Gvt In x	0.96	8.2		593	u12	11 3/4	11 3/4	
10	8 1/8	ACM GvOpp x	0.80	8.1		58	9 7/8	9 3/4	9 7/8	
9 5/8	8 3/4	ACM Gvt Sp	0.80	8.4		164	u9 5/8	9 1/2	9 1/2	-1/8
11 1/2	10 1/2	ACM Gvt Se	0.96	8.4		142	11 3/8	11 3/8	11 3/8	
11 3/8	9 5/8	ACM Man x	1.08	9.5		98	u11 3/8	11 1/8	11 3/8	+1/8
9 3/8	8 5/8	ACM Mangd x	0.72	7.9		143	9 1/8	9	9 1/8	+1/8
12 3/8	7 3/4	Acme Cleve	0.40	3.3	15	237	12	11 3/8	12	+1/2
9 1/4	6 1/2	Acme Elect			254	27	7 3/4	7 5/8	7 5/8	-1/8
24 3/4	18 3/8	Acordia	0.44	2.0	13	15	22 3/8	22 3/8	22 3/8	+1/8
16	10 3/8	Acuson			12	540	12	11 1/2	11 5/8	-1/8
22 1/4	19 5/8	Adams Expr	0.46	2.3	1	28	20 1/2	20 3/8	20 1/2	
66	45 1/2	Ad Micro	3.00	5.4		356	55 1/2	54 1/2	55 1/2	+1/2
32 3/4	17 3/8	Ad Micro P	3.00	11.9	9	5672	25 1/8	24 1/2	25 1/8	+1/2
7 3/4	5 1/2	Advest Grp	0.16	2.8	9	25	5 7/8	5 3/4	5 3/4	
24 3/4	18	Advo Inc	0.08	0.4	20	241	19 1/8	18 1/2	19 1/8	+5/8
49 3/8	41 1/8	Aegon ADR	2.95	6.6	9	328	44 7/8	44 3/8	44 7/8	+5/8
58 7/8	43 3/8	Aetna Lf	2.76	4.8	147	2606	u57 3/4	56 1/2	57 5/8	+5/8
14 1/2	11 1/2	AGR A	0.26	1.9	32	3431	13 7/8	13 3/4	13 7/8	
32 3/4	26 1/2	Aflac	0.40	1.4	15	622	29 7/8	29 1/4	29 5/8	+3/8
22 1/8	16 3/4	Ahmanson	0.88	4.5	22	2586	19 5/8	19 1/4	19 3/8	+1/8
7 3/4	4	Aileen Inc			6	227	4 1/2	4 1/4	4 1/2	
48 1/2	37 1/2	Air Pr Chm	0.92	2.2	16	2854	41 7/8	41 1/8	41 1/2	-1/8

Continued on next page

4 pm close July 14

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	15½	S Acita Rt x	1.36	7.7	17	149	18¼	17⅝	17¾	-¼
20¾	16⅛	SCOR US Cp	0.32	2.0	200	254	16¼	d16	16	-¼
29¼	20	SPS Techno	1.28	4.6	20	30	u28⅛	27¾	27¾	-¼
14½	12⅞	Sabine Rlt x	1.77	13.6	9	142	13¼	13	13⅛	-⅛
13¾	8⅞	Safecard	0.20	1.6	12	321	13¼	13⅛	13⅛	
23½	16⅞	Safeg'd Sc			9	132	19⅛	19	19⅛	
24¼	16¼	SafetyKln	0.36	2.1	26	1836	17⅜	16⅞	17	-¼
16½	10⅞	Safeway			25	1007	16⅜	15¾	15¾	-⅜
3⅝	2	SafewayWBS				527	3½	3⅜	3⅜	
44½	37½	StJoePaper	0.20	0.5	99	69	42⅛	41¼	41⅞	-⅜
37¾	31	StJoeLSP	1.76	4.8	14	44	37	36½	37	+¾
84⅞	75	St Paul's	2.80	3.3	13	989	u85¼	84⅝	84⅝	-⅛
11⅜	7⅞	Salant Crp			7	60	11	10⅝	11	+¼
75¼	39⅞	Sallie Mae	1.20	2.8	9	3200	43⅛	42⅝	43	+½
13⅞	13	Salomon Br	0.36	2.7		226	13½	13¼	13⅜	
41⅞	34	SalomonInc	0.64	1.6	20	1911	39⅜	38⅞	39	
26⅞	23¼	SanDgo G&E	1.48	5.6	14	339	26½	26⅜	26½	
4⅝	3½	SantaFeEDu	0.40	10.0	200	7	4	3⅞	4	+⅛
11⅞	9⅛	SantaFeEPs	0.16	1.7	962	563	9¾	9⅝	9⅝	-⅛
40¾	35¼	SantaFePac	2.80	7.3	13	25	38½	38¼	38½	+¼
18½	12¾	SantaFeStn	0.10	0.6	18	2825	17⅜	17⅜	17⅜	
31⅛	23⅞	Sara Lee	0.58	2.4	17	5368	24½	24¼	24¼	
48½	40⅛	Scana Corp	2.74	5.7	15	142	48¼	48⅛	48¼	
24⅞	21½	Scecorp	1.42	6.0	14	1617	23¾	23⅝	23⅝	
38⅞	23⅞	SchererRP			24	124	29¾	29⅛	29⅛	-⅝
70⅞	51¾	ScheringPl	1.80	2.7	17	4844	68¼	66⅝	66⅝	-1⅝
68⅞	55⅛	Schl'berger	1.20	1.9	23	3621	64½	63⅛	63⅛	-1⅛
29⅝	16½	Schwab(C)	0.20	0.7	18	2769	29½	27½	27⅝	-1⅝
7¾	5⅝	Schwitzer			28	109	6⅜	6⅛	6⅛	-⅛
35	17¾	ScientAtln	0.12	0.4	49	1168	31⅜	30½	31⅜	+⅞
19¼	9⅛	Scotsmen	0.10	0.9	12	258	11¾	11½	11¾	+¼
41	31⅞	ScottPaper	0.80	2.4	16	1738	32⅞	32⅛	32⅞	+⅝
[illegible]										

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

Price data supplied by Telekurs

[illegible]

AMEX COMPOSITE PRICES

4 pm close July 14

[illegible]

NASDAQ NATIONAL MARKET

4 pm close July 14

- A -

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

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- N -

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- O -

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- P - Q -

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- T -

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- V -

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AMERICA

US stocks post strong gains as bond yields fall

Wall Street

US share prices posted strong gains yesterday as bond yields fell to record lows following another set of bullish inflation figures, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 28.22 at 3,543.66. The more broadly based Standard & Poor's 500 was 2.67 higher at 450.76, while the Amex composite, which has outperformed other indices lately, was down 0.79 at 438.32. The Nasdaq composite rose 3.64 to 712.11, a new record high. NYSE volume was 158m shares by 1 pm.

Good inflation news and falling bond yields ended three days of weak, indecisive trading. Prices climbed from the opening after the labor department announced that its consumer price index was unchanged in June.

This delighted dealers and investors who, earlier this year, feared that inflation was making a comeback. Analysts were particularly encouraged by the paltry 0.1 per cent increase in the "core" CPI, which excludes the volatile food and energy components.

Not only was the CPI data good news in itself, but the figures spurred heavy buying of Treasury securities. The demand lifted the benchmark 30-year bond almost ½ a point, lowering the yield to below 6.6 per cent for the first time since 1977, when the Treasury began issuing the 30-year bond on a regular basis. Equity investors like falling bond yields because they lower the cost of borrowing for US corporations, and low interest rates can lure money away from short-term assets and into stocks.

Among individual stocks, second quarter earnings continued to dominate trading. General Electric firmed $⅞ to $98⅞ after the company posted a 10 per cent increase in quarterly earnings.

Federal Express jumped $5⅝ to $52¼ following its report of a 56 per cent improvement in fiscal fourth quarter earnings. Another stock helped by better than expected earnings was CBS, which climbed $10¼ to $248.

Procter & Gamble rose $⅝ to $52¼ as investors reacted positively to news that the consumer products group is cutting its prices on laundry products and dish soap by up to 15 per cent to compete with rival brands and private labels.

Profit-taking continued to take its toll of brokerage issues, in spite of some strong second quarter earnings. Merrill Lynch fell another $1⅝ to $82⅝, PaineWebber dropped $⅝ to $28⅝, Morgan Stanley fell $1⅛ to $68⅜ and Dean Witter Discover slipped $⅝ to $36.

On the Nasdaq market, Dell Computer fell $3¼ to $16¼ in volume of 4.4m shares after the company forecast a second quarter loss and said that it would take a pre-tax charge of between $75m and $85m to cover the cost of a restructuring. The charge was considerably bigger than analysts had expected.

Canada

TORONTO eased a little in midsession with the TSE 300 composite index off 6.53 at 3,945.15 by 1 pm. Among the sectors, financial services and oil and gas lent support with gains of 25.59 to 3,063.37 and 19.66 to 4,717.78 respectively, but metals and minerals were weak with a drop of 49.61 to 2,934.47.

SOUTH AFRICA

JOHANNESBURG closed near intraday highs in slow but steady afternoon trading as selected stocks found support from foreign investors. The golds index rose 34 to 1,984. Industrials added 9 at 4,645 and the overall 45 at 4,135.

EUROPE

Stet up 7% on telecoms restructuring plan

A SLIGHT easing of pressure on the French franc and a modest cut in the German repo rate steadied nerves as attention turned to the Buba meeting today. Paris was closed for a public holiday.

MILAN, encouraged by the long awaited statement on the restructuring of the telecommunications sector, moved ahead, while technical trading ahead of today's end of the monthly account also lifted prices.

The Comit index closed up 7.93 or 1.45 per cent to 553.66.

While the broad details of the restructuring of the telecoms sector has been in the market for some time, the lack of other positive news recently has focused investors' attention on this area, said Mr John Stewart of Milan brokers, Pastorino.

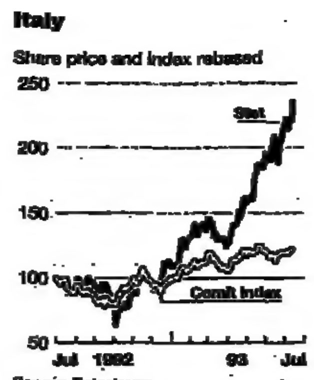
Stet also gained on news of its five year convertible bond, convertible into Sip savings shares. The stock rose L264 or 7.2 per cent to L3,910.

Italcable and Sip, which are to be merged by the end of the year to allow the formation of Telecomm Italia on January 1, 1994, showed respective gains of L316 and L86 to L7,890 and L3,811.

Reports that Fiat might be seeking to reduce its shareholding in Gemina, the merchant bank, lifted the latter's price L38 to L1,380, while Fiat gained L103 to L6,495.

Italy

Share price and index rebased



Source: Datastream

FRANKFURT closed mixed, the DAX index rising 4.39 to 1,811.55 against a day's high of 1,821.31. Interest rate cut hopes abated, but tomorrow's expiry of equity options traded on the Deutsche Terminbörse boosted interest in some blue chips. Turnover was DM9.6bn.

Daimler rose DM9 to DM673 after two news items: first, that an S-class revamp would produce a lighter, more fuel efficient car; and, secondly, on the state of Bavaria's plan to sell its 8 per cent stake in the group's Deutsche Aerospace subsidiary.

Metallgesellschaft added DM9.50 to recent gains which have taken it up by nearly a quarter in less than a month. It was boosted by an announcement from MG's Metall Mining Corp confirming rumours that it was considering forming a new unit to hold its gold assets, dealers said. Mr David Morgan at Lehman Brothers in London observed that MG is a reflection of base metal prices, not a bull point, and a guide to the health of German manufacturing industry, which is debatable.

In steels, Krupp Hoesch climbed DM7.10 to DM132.60 and Thyssen by DM5.20 to DM212. Mr Morgan said that Thyssen has indicated that the worst is over in its steel division and that Krupp Hoesch, highly-geared and in the midst of very deep restructuring, is another bet on German economic recovery.

The energy, chemicals and metals group, Viag, rose DM6.80 to DM393.00 on the confirmation that it would maintain its 1993 dividend; and Henkel, which makes Persil, fell DM9.50 to DM550.20 although it said that it saw no reasons for a global price war in detergents, following drastic price cuts by Procter & Gamble in the US.

AMSTERDAM returned to a positive stance in spite of a further sharp fall in Unilever, down Fl 5.40 or 2.7 per cent to Fl 192.10. The CBS Tendency index rose 0.2 to 117.1.

Hoare Govett called the market's reaction to news that Procter & Gamble of the US was to cut the list price of liquid detergents "unjustified". It said that, in the short term, the impact of P & G's strategy on Unilever's earnings would be "negligible", given the latter's aggressive promotion and discounting of new products in the US.

Ahold, which has a strong US supermarket presence, lost Fl 1.10 to Fl 94.90 on the same story.

BRUSSELS noted a 12 per cent rise in Arbed, the Luxembourg-based steel maker, up BFr380 to BFr3,500, while the Bel-20 index eased 0.41 lower to 1,328.13.

STOCKHOLM gathered ground for the seventh straight session, assisted by a SKr13 rise in Ericsson B to SKr366. The Affärsvärlden general index rose 5.20 to 1,139.80.

DUBLIN extended its rally as retail investors bought into Bank of Ireland before it goes ex rights today, and shares in the major Irish food processors surged to new all-time highs on the back of positive sentiment towards the sector.

The ISEQ overall index rose 15.78, or 1 per cent to 1,635.59, its financial component putting in a 1.2 per cent per cent gain. In foods, said Mr Aidan McGuire of Davy Stockbrokers, Avonmore's 3.5p rise to 167p left it up 10p on the week on a combination of earnings and rating upgrades, while Greencore, 6.5p higher at 332.5p put itself 32.5p ahead of the placing price for the Bank of Ireland stake of 9.6m shares earlier this week.

FT-SE Actuaries Share Indices THE EUROPEAN SERIES

July 14 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1236.77	1237.78	1237.83	1238.37	1236.58	1235.86	1236.91	1237.14
FT-SE Eurotrack 200	1282.25	1284.33	1283.61	1285.05	1282.82	1285.07	1282.67	1283.38

	Jul 13	Jul 12	Jul 9	Jul 8	Jul 7
FT-SE Eurotrack 100	1235.91	1232.90	1230.56	1225.73	1211.33
FT-SE Eurotrack 200	1279.32	1274.63	1274.12	1270.80	1260.04

Base value 1000 (26/10/90) Highday: 100 - 1238.61; 200 - 1285.20 Lowday: 100 - 1235.59 200 - 1281.19

ASIA PACIFIC

Nikkei eases as Pacific Rim indices move narrowly

Tokyo

SHARE prices moved in a narrow range following Tuesday's rise to above 20,000 for the Nikkei average, which closed marginally lower yesterday after fluctuating on profit-taking and arbitrage buying, *writes Emiko Terazono in Tokyo.*

The Nikkei was finally off 41.31 at 20,139.11, its first decline in four trading days. It rose to a day's high of 20,207.52 just after the opening but slipped later on arbitrage unwinding and profit-taking, setting a day's low of 20,030.30.

Volume totalled 300m shares, against 331.7m. Rises led falls by 495 to 476, with 186 issues unchanged. The Topix index of all first section stocks shed 3.73 to 1,631.58. In London the ISE/Nikkei 50 index put on 1.09 at 1,240.37.

Equities were supported by hopes that monetary or fiscal support would be implemented by the new government to be elected this weekend.

The new cabinet – probably a coalition around a core conservative party – is likely to try to build support through income tax cuts. A fiscal stimulus package is unlikely to be implemented, thought traders, due to the lack of a kingpin figure to orchestrate the various interests of politicians and ministries. The Bank of Japan, meanwhile, may be reluctant to cut the official discount rate due to fears of reflation.

Mr Yasushi Ueki at Nikko Securities said that while a large loss by the ruling Liberal Democratic party would damage investor sentiment, an unexpected victory, on the other hand, would also be a negative factor for shares. "It will mean a return to the old corrupt ways," he explained.

On the trading floor, Gajoen Kanko, a hotel and restaurant operator, was suspended in the afternoon session due to reports that Dream, an unlisted pachinko pinball operator which holds a large stake in Gajoen, had filed for court protection under the bankruptcy law.

Gifu Bank, a regional bank in which Dream has a 5.5 per cent holding, fell Y45 to Y535.

Kirin Brewery, the industry leader, lost Y20 to Y1,280 on reports that four company officials had been arrested for paying off racketeers.

Profit-taking depressed bank shares, which gained on Tuesday on hopes of credit easing. Industrial Bank of Japan retreated Y20 to Y3,130.

In Osaka, the OSE average dipped 31.47 to 22,157.43 in volume of 23.3m shares.

Roundup

INDIVIDUAL equities and sectors moved more than indices on the Pacific Basin markets.

AUSTRALIA saw strength in National Australia Bank, heavy trade in Woolworths and profit-taking in golds bring the All Ordinaries index into balance at a close just 0.3 higher at 1,804.5 in turnover of A$348.8m.

National Australia finished 24 cents ahead at A$10.30, after reaching A$10.32. Woolworths followed its successful market debut, topping the active stocks list with 9.9m shares traded as it added a cent at A$2.81. The gold shares index receded 13.5 to 2,202.2.

Market leader BHP appreciated 10 cents to A$14.66. Salomon Brothers recently made a strong buy recommendation on the stock, saying that its improving balance sheet underpinned its ability to expand aggressively.

TAIWAN's turnover fell from T$17.22bn to T$15.35bn as the weighted index finished 9.29 higher at 4,022.47. SEOUL closed virtually flat, with the composite index just 0.3 firmer at 762.96 in turnover down from Won478bn to Won424bn.

HONG KONG slipped a mere 0.60 to 6,955.50 as a bout of late selling wiped out an earlier 73-point rise in the Hang Seng index. Turnover increased from HK$3.02bn to HK$3.22bn.

There was local retail buying of Cheung Kong and Hutchison, but institutional selling dragged both off their highs. Cheung Kong lost 30 cents to HK$25.30 and Hutchison closed steady at HK$20.30. Red chips, or China-related stocks, were popular buys after being oversold recently. Citic Pacific jumped 60 cents to HK$16.

NEW ZEALAND lost ground after a sequence of highs, the NZSE-40 index finishing 17.11 down at 1,706.62 in a turnover of NZ$26.3m.

Brewery concern Lion Nathan, which earlier announced a placing of 85m shares at NZ$3.05, shed 10 cents to NZ$3.30, due in part to share dilution but mostly because of the big discount involved.

SINGAPORE featured Tonhow Industries, a takeover target, which closed 36 cents stronger at S$1.05. But the Straits Times Industrial index was 2.41 easier at 1,775.11.

BANGKOK fell for the third straight day, the SET index losing 7.68 at 892.98 in moderate turnover of Bt5.28bn.

MANILA's composite index shed 7.70 to 1,616.98, but the debut of Jollibee Foods, the fast food chain, saw the shares climbing to above 16 pesos, a premium of more than 80 per cent to the initial offer price.

COLOMBO saw demand for most Sri Lankan stocks, although turnover fell from Rp180.7m to Rp104.5m as the All-share index moved forward 8.34 to 687.41.

Europe and Middle East edge into lead

By John Pitt

Performance in European and Middle Eastern emerging markets edged ahead of Latin America last month, according to data supplied by the IFC, a part of the World Bank.

Over the year so far, the former are even more impressive: up by nearly 60 per cent in dollar terms compared with a 5 per cent rise in Latin America and Asia's 14 per cent.

Most of the gain in Europe/Middle East can be attributed to Turkey's startling rally since January: in spite of weakness over the last week, the market remains more than 100 per cent up on the year.

Within this region, Portugal has shown a reasonable advance over the year although, as Baring Securities notes in a recent research document, the market has been a disappointing performer since the Gulf war.

The broker comments that an overhaul of the market's structure since 1992 – including the introduction of continuous trading and the establishment of a central clearing house – has stimulated overseas interest.

Baring puts this together with falling interest rates and the devaluation of the escudo, and forecasts a "strong upside for equities over the next couple of years".

Mexico, which has lagged behind many of the world's emerging markets this year, attracted the attention of Nomura this week. The global strategy team recommends a switch of funds from France to Mexico, arguing that the latter's upside potential seems more promising over the next six months.

EMERGING MARKETS: IFC MONTHLY INVESTABLE INDICES

Market	No. of stocks	Dollar terms Jun 30 1993	% Change over month	% Change on Dec '92	Local currency terms Jun 30 1993	% Change over month	% Change on Dec '92
Latin America							
Argentina	(10)	611.63	+7.3	+5.5	375,311.44	+7.3	+5.8
Brazil	(44)	190.71	+12.2	+52.6	14,119,724.42	+46.2	+577.1
Chile	(20)	426.12	+13.6	+1.8	686.82	+9.5	+4.0
Colombia[1]	(8)	384.52	-1.9	-9.6	536.05	-1.4	-12.3
Mexico	(59)	634.14	+1.7	-6.2	852.84	+1.8	-6.1
Venezuela[2]	(8)	587.56	+5.7	+13.1	1,210.24	+9.8	+29.6
East Asia							
South Korea[3]	(130)	102.54	-2.1	+4.5	107.89	-2.2	+6.0
Philippines	(11)	149.65	-2.5	+12.1	193.39	-1.2	+19.6
Taiwan, China[4]	(76)	85.45	-7.3	+15.8	83.79	-6.2	+20.1
South Asia							
India[4]	(61)	74.57	+1.1	-20.4	82.49	1.3	-13.6
Indonesia[5]	(31)	80.91	+5.8	+37.9	81.87	+6.4	+39.7
Malaysia	(61)	198.90	-4.6	+21.6	188.76	-4.0	+19.6
Pakistan[7]	(8)	220.97	+13.3	+10.4	271.25	+14.6	+17.0
Thailand	(52)	241.18	+7.3	+4.7	241.71	+7.3	+3.7
Euro/Mid East							
Greece	(17)	206.85	-6.0	+5.9	325.94	+1.9	+14.5
Jordan	(5)	161.30	+10.8	+38.1	231.27	+12.3	+39.5
Portugal	(16)	89.64	-5.9	+16.0	100.07	+0.2	+28.2
Turkey[8]	(31)	146.52	+16.0	+114.1	740.33	+25.4	+169.7

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted, which are: (1) Feb 1, 1991; (2) Jan 5, 1990; (3) Jan 3, 1992; (4) Jan 4, 1991; (5) Nov 6, 1992; (6) Sep 28, 1990; (7) Mar 1, 1991; (8) Aug 4, 1989.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	TUESDAY JULY 13 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY JULY 12 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (69)	139.25	-0.2	138.23	95.33	124.52	138.38	+0.2	3.68	139.53	139.96	98.86	125.39	138.09	144.19	117.39	145.09
Austria (17)	149.02	+0.1	147.93	102.02	133.26	133.42	-0.3	1.45	148.90	149.37	103.16	133.81	133.87	150.96	131.16	165.43
Belgium (42)	149.61	+1.2	148.51	102.41	133.78	130.97	+0.7	4.37	147.88	148.35	102.45	132.80	130.02	156.76	131.19	148.80
Canada (108)	127.88	-0.1	126.92	87.52	114.33	118.32	-0.1	2.85	128.04	128.44	88.70	115.05	118.49	130.38	111.41	129.15
Denmark (33)	210.26	+0.3	208.73	143.95	188.02	191.32	-0.1	1.18	209.72	210.37	145.29	188.46	191.60	225.64	185.11	245.03
Finland (23)	98.99	+0.9	98.27	67.77	88.52	119.95	+0.7	1.02	98.08	98.38	67.95	88.14	119.07	100.92	65.50	76.86
France (96)	151.69	+0.6	150.59	103.84	135.64	139.80	+0.1	3.28	150.72	151.19	104.41	135.43	139.61	167.36	142.72	163.81
Germany (60)	114.39	+0.0	113.56	78.32	102.29	102.29	-0.5	2.08	114.36	114.72	79.24	102.77	102.77	117.10	101.59	127.95
Hong Kong (55)	280.05	+0.0	278.00	191.71	250.44	278.86	+0.0	3.38	279.98	280.80	193.93	251.57	278.99	301.61	218.82	256.96
Ireland (15)	157.49	+1.0	156.34	107.82	140.83	158.17	+0.4	3.41	155.95	156.43	108.04	140.14	157.52	170.40	129.28	161.65
Italy (70)	67.97	+0.5	67.47	46.53	60.78	80.36	+0.1	2.02	67.66	67.87	46.87	60.80	80.29	72.82	53.78	89.72
Japan (470)	150.08	+2.5	148.98	102.74	134.22	102.74	+1.3	0.81	146.38	146.85	101.42	131.57	101.42	155.96	100.75	101.79
Malaysia (69)	325.09	-0.6	322.72	222.54	290.70	321.77	-0.9	2.10	327.15	328.17	226.64	293.99	324.70	349.34	251.66	250.47
Mexico (19)	1540.42	+0.4	1529.16	1054.54	1377.48	5269.90	+0.5	0.94	1534.40	1539.16	1063.03	1378.86	5244.27	1725.81	1410.30	1440.78
Netherland (24)	165.82	-0.1	164.61	113.51	148.28	146.68	-0.5	3.75	166.00	166.51	115.00	149.18	147.32	172.75	150.39	165.34
New Zealand (13)	52.74	-0.4	52.36	36.11	47.16	50.96	-0.3	4.38	52.94	53.10	36.68	47.57	51.11	52.94	40.56	47.74
Norway (22)	159.29	+0.9	158.12	109.05	142.44	158.28	+0.2	1.67	157.79	158.28	109.32	141.80	157.95	166.21	137.71	169.64
Singapore (38)	246.47	+0.7	244.67	168.73	220.39	183.83	+0.1	1.86	244.73	245.49	169.55	219.93	183.72	262.72	207.04	220.20
South Africa (60)	203.53	-0.5	202.04	139.33	182.00	205.52	-0.4	2.47	204.64	205.28	141.77	183.89	206.42	211.77	144.72	201.23
Spain (44)	122.13	+0.6	121.23	83.61	109.21	122.96	+0.7	4.70	121.36	121.74	84.08	109.06	122.15	132.82	115.23	151.25
Sweden (36)	171.23	+2.0	169.98	117.22	153.12	200.31	+0.6	1.68	167.86	168.38	116.29	150.85	199.04	184.06	149.70	193.52
Switzerland (50)	128.67	+0.8	127.73	88.09	115.07	121.25	+0.3	1.79	127.63	128.02	88.43	114.71	120.94	129.36	108.91	111.64
United Kingdom (219)	172.44	+1.2	171.18	118.04	154.18	171.18	+0.2	4.05	170.32	170.85	117.99	153.06	170.85	181.99	162.00	189.22
USA (519)	183.49	-0.2	182.15	125.62	164.09	183.49	-0.2	2.79	183.79	184.36	127.34	165.17	183.79	186.27	175.38	168.97
Europe (751)	143.62	+0.8	142.57	98.32	128.44	137.98	+0.1	3.23	142.47	142.91	98.70	128.03	137.86	149.02	133.92	153.59
Nordic (114)	162.72	+1.4	161.53	111.40	145.51	167.28	+0.4	1.49	160.48	160.98	111.18	144.22	166.58	171.77	142.13	179.82
Pacific Basin (714)	153.39	+2.2	152.27	105.01	137.17	109.07	+1.1	1.08	150.08	150.54	103.96	134.87	107.84	159.07	105.89	108.43
Euro-Pacific (1465)	149.27	+1.7	148.18	102.18	133.47	121.25	+0.7	1.93	146.84	147.30	101.73	131.95	120.38	154.05	117.26	126.70
North America (627)	180.02	-0.2	178.71	123.26	161.01	179.05	-0.2	2.79	180.32	180.88	124.94	162.07	179.35	182.38	171.51	167.40
Europe Ex. UK (532)	125.43	+0.5	124.51	85.88	112.18	118.55	+0.0	2.68	124.77	125.16	86.46	112.15	118.52	128.65	112.51	131.84
Pacific Ex. Japan (244)	186.50	-0.1	185.14	127.70	166.79	172.38	-0.1	3.20	186.69	187.27	129.36	167.78	172.54	194.08	152.70	173.84
World Ex. US (1652)	149.85	+1.6	148.85	102.66	134.09	123.35	+0.7	1.95	147.66	148.11	102.30	132.70	122.52	154.27	118.51	128.39
World Ex. UK (1952)	158.98	+0.9	157.82	108.84	142.18	138.94	+0.4	2.09	157.64	158.13	109.22	141.67	138.43	161.34	134.22	136.92
World Ex. So. Af. (2111)	159.99	+0.9	158.82	109.54	143.06	141.43	+0.4	2.27	158.56	159.05	109.86	142.50	140.93	162.74	137.29	141.09
World Ex. Japan (1701)	167.49	+0.2	166.26	114.67	149.79	163.76	-0.1	2.94	167.21	167.73	115.86	150.29	163.87	170.05	157.47	163.85
The World Index (2171)	160.19	+0.9	159.02	109.67	143.25	141.97	+0.4	2.27	158.78	159.27	110.01	142.69	141.47	162.86	137.32	141.44

Constituent changes with effect 15/7/93: Additions: Dean Witter Discover & Co. (USA) and Roussel-Uclaf (France). Latest prices were unavailable for this edition.